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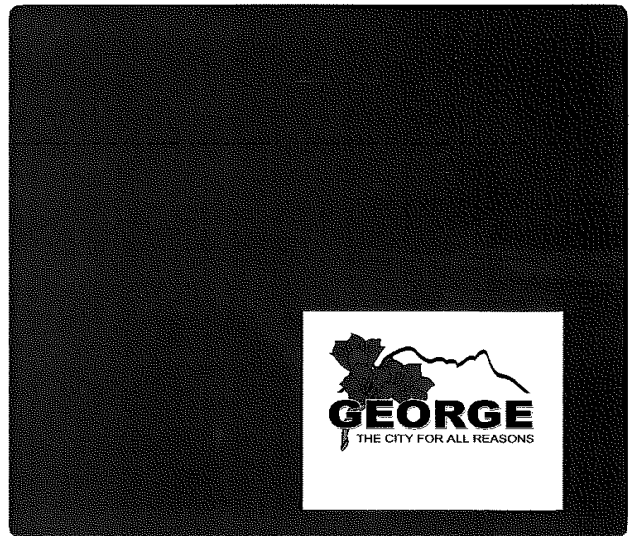
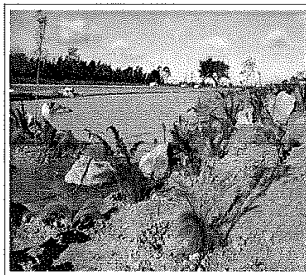
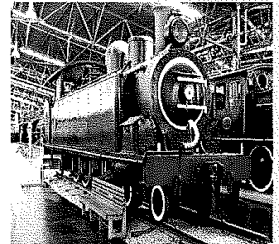
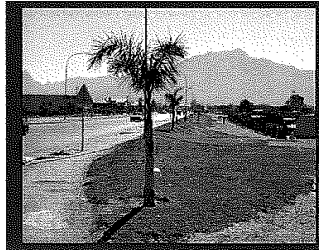
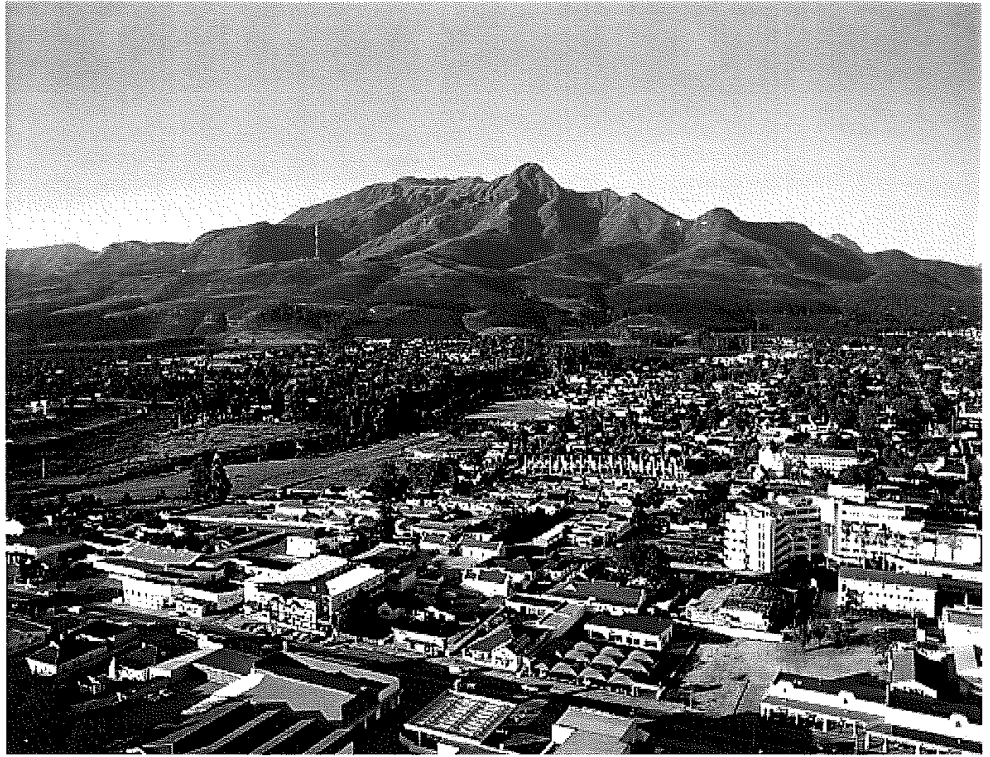


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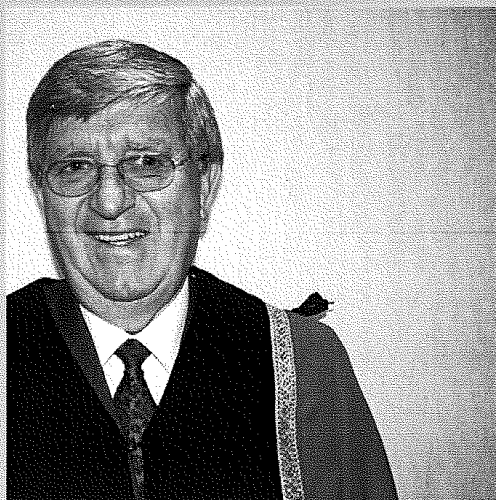
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1.]] inleiding en oorsig introduction and overview



1.1]]

foreword by the
executive mayor,
alderman philippus h
de swardt
voorwoord deur
die uitvoerende
burgemeester,
raadsheer philippus h
de swardt



It is indeed a pleasure to be able to reflect on the past year's achievements and objectives that we have attained. Naturally we were also compelled to engage numerous challenges during this period, but steadfastly and successfully resolved most issues. In every decision taken the best interest of the people were always paramount, especially the plight of the poor.

Nobody is perfect. In the execution of our tasks at hand as well as in the process of service delivery, mistakes were occasionally been made either by Councillors or officials, but I am nonetheless convinced that the community of George can be satisfied with the general management of the city of George. The Councillors continuously, diligently and urgently address all community requirements, requests and needs, despite financial restrictions. The community of George can also be very proud of the competent, dedicated and loyal municipal officials employed by the George Municipality.

Some of the major challenges that had to be addressed during the past year included the shortage of housing, unemployment, poverty, personnel vacancies, insecure neighbourhoods as well as social problems arising and resulting from the numerous informal settlements.

A serious problem and concern is the rapid influx of people to George, which places a heavy burden on the municipality, to timely provide adequate infrastructure on a sustainable basis.

We are very proud of some excellent achievements attained during the period under review, namely:

- Circles at the Provincial Hospital, Crocodile farm and Hawthorndene Hotel towards Blanco (now under construction)
- Extension of Hope Street
- Subway at Union Street
- Upgrading and embellishment of Sandkraal Road (R2 million)
- Upgrading of Beach Road in Pacaltsdorp and embellishment of Pacaltsdorp business hub (R3 million)
- Connecting bridge between Urbanville and Protea Park
- Junction road between Blanco and York Streets
- Erection of creches in Blanco, New Dawn Park and Lawaaiikamp.
- Blue Drop Award for the best drinking water of all 283 Municipalities in South Africa.
- Green Drop Award for sewage water quality
- Kudu Award 2009 for contribution to conservation of the Touw River Pipeline Project.

Dit is weer eens vir my aangenaam om terug te kyk na 'n baie suksesvolle jaar waarin daar vele prestasies behaal en doelwitte bereik is. Baie uitdagings moes egter ook die hoof gebied word. In alle besluite het die belange van die gemeenskap, en veral die minderbevoorregtes, altyd swaar geweeg.

Niemand is volmaak nie en in die uitvoering van ons taak en in die proses van dienslewering word soms foute deur raadslede, sowel as amptenare gemaak, maar in die algemeen is ek oortuig dat George se gemeenskap tevrede kan wees met die wyse waarop George bestuur word. Die raadslede poog, om ten spyte van finansiële beperkinge, die gemeenskap se probleme, behoeftes en versoeke aan te spreek. George kan ook trots wees op die pligsgetrouheid en loyaliteit van sy munisipale amptenare.

Die grootste uitdagings wat die afgelope jaar hanteer moes word, behels onder andere die tekort aan behuising, werkloosheid, armoede, personeelvakatures, onveilige woonbuurte en probleme wat ontstaan as gevolg van die baie informele nedersettings in George.

'n Verdere bekommernis is die snelle bevolkingsgroei as gevolg van immigrasie wat 'n geweldige druk op die verskaffing van die nodige infrastruktuur plaas.

Ons is ook trots op die baie mooi prestasies wat vanjaar behaal is. Ek noem enkele:

- Sirkels by die Provinsiale Hospitaal, Krokodilplaas en Hawthorndene Hotel na Blanco (tans in aanbou)
- Verlenging van Hoopstraat
- Duikweg by Uniestraat
- Opgradering en verfraaiing van Sandkraalweg (R2 miljoen)
- Opgradering van Beachweg in Pacaltsdorp en verfraaiing van Pacaltsdorp sakekern (R3 miljoen)
- Verbindingsbrug tussen Urbanville en Proteapark
- Verbindingspad tussen Blanco en Yorkstraat
- Die oprigting van creches in Blanco, New Dawn Park en Lawaaiikamp.
- Blue Drop toekenning vir die beste drinkwater van al 283 Munisipaliteite in Suid-Afrika.
- Green Drop toekenning vir die rioolwaterkwaliteit
- Kudu Toekenning 2009 vir bydrae tot bewaring vir die Touwriver Pyplyn Projek.

I wish to exalt and give praise to our Lord Almighty for his mercy, grace and spiritual guidance, without which we as humans are not capable of anything. We can only exalt in the Lord our God. I wish to express my thanks and gratitude to the National and Provincial Government of the Western Cape as well as the Eden District Municipality for its cooperation and support during the past year.

I furthermore wish to thank the Councillors and officials for their contributions, dedication and sacrifices made. I wish to thank each individual and every organization who unselfishly served their fellowmen and who constructively contributed to build and turn George into a better place for all. I also wish to express my gratitude to all those who cooperate and endeavour to build and maintain good human relations amongst all the citizens of George. To execute the ordinary in an extraordinary, exemplary and excellent manner, should always be our goal.

By achieving this, we shall not only set an example in the Western Cape, but also be an inspiration for the whole of South Africa – a true source of light during these very uncertain times!

ALDERMAN PHILLIPUS H DE SWARDT
EXECUTIVE MAYOR

Ek wil ons Hemelse Vader dank vir Sy hulp en leiding omdat ons uit ons eie krag tot niks in staat is en op niks kan roem nie. Ek wil graag my waardering teenoor die Wes-Kaapse Provinsiale Administrasie en die Eden Distriksmunisipaliteit uitspreek vir hul samewerking van die afgelope jaar.

Verder wil ek ook alle raadslede en amptenare vir hul toegewyde werk en opofferinge bedank. My diepe dank en waardering aan elke inwoner en organisasie wat op 'n onbaatsugtige wyse sy medemens gedien en gehelp het om George verder uit te brei. Dankie ook aan almal wie meehelp om beter verhoudinge tussen al George se inwoners te bewerkstellig.

Om die gewone dinge op 'n buitengewone wyse te verrig, moet altyd ons doelwit wees. Sodoende sal George nie net as voorbeeld en inspirasie vir die Wes-Kaap dien nie, maar vir die hele Suid-Afrika – 'n ware bron van lig in hierdie onsekere tye!

RAADSHEER PHILLIPUS H DE SWARDT
UITVOERENDE BURGEMEESTER

1.2]]

oorsig van munisipale bestuurder municipal manager's overview



INTRODUCTION

We are once again at the point in the history of the City of George where we are able to pause, look back at the past financial year, and to take stock of that which we have achieved in terms of the IDP, the issues we could not attend to for reasons beyond our control and resources to achieve as well as those issues/needs we excluded from our plan, perhaps in hindsight.

There were also matters to which we turned a blind eye to and paid the price afterwards. This does not necessarily point to poor planning or management. It might have been a case of priorities of choice and perhaps not of need. In all this, we must face the reality, namely that the face of Local Government is forever changing and with it certain processes suffer. George has not been excluded.

In Local Government there seems to be a general trend towards hoping that, avoiding the realities of events, possibilities will make such events disappear on their own. There may be many reasons why we do not want to face reality. Until robots take over the world, most, if not all of tasks in this organisation will depend on skills, abilities and knowledge of the staff who work here. Fortunately, or unfortunately, members of our staff are emotional beings, and often react to their emotions, thereby making futile mistakes or misjudgements.

LEADERSHIP SITUATION

Leadership, therefore, has a pivotal role to play in this organisation.

It was for this reason that I recently addressed the full management team and used the analogy of a rugby team and a rugby field.

The fifteen players;

- (1) respect the game,
- (2) respect one another,
- (3) follow the rules,
- (4) do not change the rules during a match,
- (5) be in solidarity with fellow players,
- (6) honour the referee's decision,
- (7) be a team player,
- (8) communicate with one another,
- (9) listen effectively to one another.

In our endeavours the past year (2008/2009) we have learnt to:

- (1) Empathise;

There must be emotional connection amongst the team. By being visible and available, especially during crises, the leader helps to quell pain, uncertainty and fears. When members of staff are confused or scared, they usually crave for quick decisions from someone in charge.

This is where the team has reached out to fellow employees, holding their hands up high, listening to them. This has been essentially evident in determining what impacts a crisis would have on their respective lives. The team could show compassion in a situation like this.

- (2) Do what you say.

Mahatma Ghandi said; "Be the change you want to see in the world"

As a management team we strive to walk the talk or else people will not follow.

The power of an organisation's leaders in creating its values, environment, culture and actions, is unmeasureable!

Leaders must therefore model the behaviour they want to see from others.

Your fellow employees (Councillors) will trust your leadership because you understand what they experience.

We need to build commitment into the organisation.

- (3) Excellent communication

Communicate as effectively as possible or else staff will do their own thing in a crisis often creating more chaos and confusion.

- (3) We needed a paradigm shift as could be seen in recent times, a leader may need to change a situation completely instead of doing things at a slower pace or incorrectly change the paradigm in order to yield better results.

Surround yourself with people who are willing to help you achieve this, people who have the confidence to tell the truth and help the organisation flourish!

Perhaps we need to choose a road less travelled or never travelled before. Are we not too close to the trees to see the wood?

An empathetic, enlightened heart and mind may help us see a perspective to which we were blind to before. This is where the input from our communities were so crucial in the year under review. We need to make more impactful and qualified choices.

The moment we are on the field our strategies and plans will be mercilessly and endlessly tested. An uncalculated moment when you're unfocussed, may ruin the match. Remain with the predeterminers. Short term plan - Don't change the rules during a strategy.

John Maxwell says: "If you fail to plan, you plan to fail".

With the players in place, we were able to focus on our core business, during the year under review. Our key focus has been (and will be) to achieve top class service delivery in all aspects of our business.

SERVICE DELIVERY

Former President Thabo Mbeki stated: "Since 1994, dramatic progress has been made with basic services, but a special effort was needed to increase the capacity of service delivery at municipal level".

We at the George Municipality have a "continuing focus on improving the capacity" of our administration. We are, after all, at the coal face of service delivery. Our IDP is our most valid planning tool for purposes of local development.

On the financial side, National Treasury, especially after the Auditor General has identified several weaknesses in terms of the Municipal Finance Management Act (MFMA 56 of 2003) is playing a key role in building skills capacity with a number of training schemes in place, particularly around municipal finance, to build up a skills base at a level of senior municipal staff. Further to this is the provision of a FMG grant. We are still faced with a number of vacancies at senior management level and posts requiring professional expertise and qualifications. This grant has been used to fill critical vacancies in the Finance Dept.

More broadly, Councillors have received training on an ongoing basis that will assist them in their legal obligations and improve capacity through a greater understanding of our IDP. Skills empowerment to handle administrative demands of service delivery and social complexities within our municipality, is key if Councillors are to remain true ambassadors for their own communities.

Deputy Minister of Local Government Nomalayla Hanga says: "The lack of skills empowerment, coupled with gender discrimination and communities where citizens are excluded from co-ownership of local development processes, should be blamed for poor service delivery...."

George Municipality is all about making the Council more accountable, financially sustainable and able to deliver critical services to its communities. In my view we can boast that we have involved (and continue to do so) all sectors in our IDP planning processes.

About LED, Deputy Minister Hanga says: "A sensible understanding of local economic development is that it is the outcome of effective and efficient municipal government and a manifestation of overall macro - economic performance. Well governed municipalities that can provide reliable and affordable services to businesses and communities are an incentive for enterprise development and residential settlement."

The George Municipality can pride itself for the year under review, for its commitment and dedication to effective and efficient service delivery as depicted in the sectoral reports for each Directorate.

POVERTY ALLEVIATION OR ECONOMIC GROWTH

There are debates about how best to promote economics while at the same time fighting poverty, a challenge South Africa is grappling with.

As for George, a fine balance is struck between the two. The challenge for us is:- What is the real or perceived conflict between a focus on poverty alleviation within poor communities and a focus on the competitive advantage of a local economy, as a whole. While George is doing fine on both fields the gap between the rich and the poor remains unabated.

However we firmly believe that the most important strategy to reduce poverty is economic growth. The respective directorates will elaborate more on the initiatives undertaken and successes achieved.

In the opening statement, much focus was placed on leadership –
To recap:

- Everything rises and falls on leadership.
- It controls and shapes destinies.
- It can build or it can destroy.
- It sparks the energy and enthusiasm for change.
- It drives passion.
- It ignites emotions.
- It brings about a common purpose, shares values, aligns and synergises.

Leadership at the George Municipality is (and was) without doubt, the most critical success factor that will determine the future destination of GEORGE, the city for all reasons. It, therefore, stands to reason that effective leadership represents the most powerful competitive advantage George could ever hope for. We at George, have an obsession with the development of human capital. We see our staff as a solid investment and not as a risk or just another expense.

To lead is to serve!

ZERO TOLERANCE

The converse has also been true. Fraud and corruption have received and will continue to receive ZERO Tolerance. Any public servant who oversteps will be severely dealt with. Offenders during the year under review, have been severely dealt with. The town of George boasts with a toll free anti Corruption Hotline - the first in the province!

THE BUDGET

The budget choices for the year under review indicated that George Municipality has been responsive to the social and economic conditions and realism facing our communities, but was at the same time based on a sound and sustainable financial framework.

The average tariff increase on all services was accepted on the premise that the most equitable and acceptable funding model is secured to fund the services, priorities etc.

Every effort was made to create a pro poor budget that is responsive to the needs of the community.

The effective utilisation of the budget was only possible through the partnership with our communities, the co-operation of suppliers, National and Provincial Government, Councillors and staff.

CLIMATE CHANGE

- This phenomenon increasingly demands managements attention. This is essentially the case with increased risk assessments and management associated with climate change. We have been forced to assess and re-assess our exposure to the physical impact of climate change.
Do we really perceive that risks to climate change are negligible?
- We are still suffering from the effects of serious flooding in 2006, 2007 and 2008. How prepared are we?
As municipal officers and politicians we are usually the first to deal with disasters, which means we must be prepared at all times.

CONCLUSION

Several awards and achievements can be boasted about. Again this will be highlighted separately.

The staff compliment (974 (full time) and 143 (temporary) have done extremely well under extremely trying conditions with extremely limited funds, an extremely limited workforce and a work environment that is not always that conducive.

It is my prayer that God will enable us to go from strength to strength in our quest to offer top class service delivery to all our communities without prejudice or favour and that way we will make a difference to the lives of almost 180 000 people in George.

LEGAL IMPERATIVE

In terms of Legal Frameworks, the Municipality must, for each financial year, prepare an annual report in accordance with Section 46 of the Systems Act of 2000 and Chapter 12 of the Municipal Finance Act no. 56 of 2003.

This report was compiled in relation thereto:

- A record of activities during the financial year
- Record of performance against the budget of the Municipality
- Provide accountability to the local communities for decisions made throughout the year
- Annual financial statement for the year
- Auditor General's annual report in terms of Section 126 (3) of the Municipal Finance Act and Section 45 (b) of the Municipal Systems Act
- And Section 3 (a-k)

In terms of Section 72 of the Municipal Finance Management Act, 2003 Act 56 of 2003, the Accounting officer must:

Assess the performance of the Municipality during the first half of the financial year, taking into account the following:

- The monthly statements, detailing the expenditure on capital projects, income and expenditure
- The municipality's service delivery performance during the first half of the year and service delivery targets and performance indicators set in the service delivery budget implementation
- The past year's annual report and progress on resolving problems identified in the annual report

I wish to thank all staff and political office bearers for helping to make George a better place for all through the loyalty, cooperation and hard work I enjoy from them.

CECIL MARK AFRICA
MUNICIPAL MANAGER

1.3]] introduction and overview of the municipality



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1.3 OVERVIEW OF THE MUNICIPALITY

Introduction and overview of the of the George Municipality

To have a clear understanding of what the role and function of George Municipality towards its communities are, one should first unwrap the concept of Local Government.

1.3.1 LOCAL GOVERNMENT IN SOUTH AFRICA

It has been argued that Local Government in South Africa has made a significant contribution to the achievement of a number of significant social and economic development advances, since the emergence of new democratic municipal dispensation on 5 December 2000. This resulted therein that most of our communities have increased access to a wide range of basic services coupled with increased opportunities that have been created for their participation in the economy.

However, notwithstanding the valuable role that municipalities have played in this new democracy, reports have shown that there remains some key elements of the Local Government Systems that are showing signs of distress of which service delivery heads the top of the list.

Whilst progress has been made in significant ways, it is still clear that a number of stubborn service delivery and governance problems have been identified in municipalities over a number of years. These remain consistently at the forefront of government's developmental challenges. These priority areas include:

- Huge service delivery and backlog challenges, e.g. housing, water and sanitation;
- Poor communication and accountability relationships with communities;
- Problems with the political administrative interface;
- Corruption and fraud;
- Poor financial management, ie. negative audit opinions;
- Number of (violent) service delivery protests;
- Weak civil society formations;
- Intra – and inter-political party issues negatively affecting governance and delivery; and
- Insufficient municipal capacity due to lack of scarce skills.

From evidence in research undertaken to date, it is clear that much of local government is indeed in distress, and that this state of affairs have become deeply-rooted within our system of governance. Therefore underpinning the analysis are some key questions, such as how deep-rooted is the state of distress in our local municipalities, what are the causes, and through what measures do we address these fault-lines in our governance arrangements?

GOVERNANCE

South Africa has 283 municipalities, based on three Constitutional categories:

- Metropolitan municipalities: six (6)
- District Municipalities: forty six (46); and
- Local Municipalities: two hundred and thirty one (231).

Chapter 7 of the constitution, the White Paper on Local Government and the legislature framework for Local Government collectively provides municipalities with a structure to manage their administration. It also outlines political decision making system, and defines principles for the structuring of their administration.

The current policy and legislative requirements affecting local governance are primarily contained in the Constitution, the Local Government White Paper, the Local Government Municipal Demarcation Act, the Local government Municipal Structures Act, the Local Government Municipal Systems Act, the Disaster Management Act, the Local Government Municipal Finance Management Act and the Local Government Municipal Property Rates Act. The amounts for Intergovernmental fiscal transfers are published yearly in the Division of Revenue Act.

The organisational structuring of local government is explicitly prescribed in the Municipal Systems Act and specifically in Section 51 which provides that "A municipality must, within its administrative and financial capacity, establish and organise its administration.

However, the effective functioning of a municipality begins with its political leadership which mostly centred on their effectiveness, capability and the integrity of the Local Political Council Leadership.

It has been found that the common causes for distress in municipal councils point to:

- (a) tension between the political and administrative interface;
- (b) poor ability of many councillors to deal with the demands of local government;
- (c) insufficient separation of powers between political parties and municipal councils;
- (d) lack of clear separation between the legislative and executive;
- (e) inadequate accountability measures and support systems and resources for local democracy; and
- (f) poor compliance with the legislative and regulatory frameworks for municipalities.

Recently it also emerged that party political factionalism and polarization of interests over the last few years, and the subsequent creation of new political alliances and elites, have indeed contributed to the progressive deterioration of municipal functionality. Evidence exist how the political / administrative interface has resulted in factionalism on a scale that, in some areas, it is akin to a battle over access to state resources rather than any ideological or policy differences. The lack of values, principles or ethics in these cases indicates that there are officials and public representatives for whom public service is not a concern, but accruing wealth at the expense of poor communities is their priority.

Relationships at the local level are tainted by these contestations amongst the elites of local areas. The democratisation of the local sphere so well-envisioned in the White Paper on Local Government, of 1998, is now fraught with community frustration over poor institutionalisation of systems, poor service delivery and poor political governance. A culture of patronage and nepotism is now widespread in many municipalities that the formal municipal accountability system is ineffective and inaccessible to many citizens.

In a report by Mr. Piet Coetzer that appeared in the Service Leadership in Local Government bulletin, it was established that almost a third of the Municipal Managers at the District and local municipalities have less than five years experience at local government level. It was also established that about a third of all municipal managers have qualifications of only matric plus a diploma or less. notwithstanding the above it was found that about 30% of financial heads at municipalities had at least five or less years experience in local government with only 19% having five and ten years experience. These are all issues of concern as the understanding of local government is crucial when it comes to service delivery.

Other social institutions including the media and civil society have also been ineffective in increasing municipal accountability and oversight. There is now a lack of citizen confidence and trust in the system. This has been publicly evidenced in the spate of community protests during the course of the year, which may be seen as a symptom of the alienation of citizens from local government.

Moreover, councillors have been accused of being arrogant and insensitive to the needs of the community. Lack of effective complaints management and no coherent systems in place to measure service delivery or the quality of client interface are some of the political reasons underlying protest action.

OVERSIGHT OF LOCAL GOVERNMENT

Section 154 (1) of the Constitution requires both the National and the Provincial Governments by legislation or other means to support and strengthen the capacity of municipalities to manage their own affairs, to exercise their powers and to perform their functions. Failure in this regard may result in the invocation by the national sphere of government to the provincial sphere of section 100 of the Constitution.

Provincial supervision, monitoring and support of local government is a Constitutional obligation in terms of section 154 (1) and Section 155 (6) and (7) of the Constitution. The provincial sphere can intervene in a municipality within its jurisdiction in terms of section 139 of the Constitution. To give effect to these obligations, the departments for local government were established with the specific mandate to oversee and support municipalities. The principle for the application of sections 100 and 139 has always been to invoke them as a last resort.

However, as increasing performance challenges built up within the local sphere over the last decade. With over 30 municipalities having experienced an intervention, it became apparent that these mechanisms were not well-supported by national government or sufficiently institutionalised, due to the absence of post-intervention measurements of improvement, and the weak application of intergovernmental checks and balances, i.e. the oversight and review process by the Minister, the NCOP and the Provincial Legislature.

As can be seen from the above, Local Government is faced with many challenges and the municipality of George is also not excluded from these challenges.

1.3.2 OVERVIEW OF GEORGE MUNICIPALITY

Introduction and overview of the George Municipality

George Municipality has always been regarded as an area which is richly bestowed with natural beauty and tranquility. To conserve this beauty with its natural habitat and to make provision for the unparalleled growth and development that the area is currently being experienced, creates many challenges and demands for the municipal council and its residents.

Geography

George is situated in the Western Cape Province and is classified as a Grade B Municipality. It is also the second biggest Municipality after the City of Cape Town in the Province of the Western Cape. It attracts not only big businesses to George, but also tourism visitors due to its natural beauty fantastic golf resorts but also as a result of its rich history and vibrant culture.

It has been said that about 2,000 years ago the San and San people moved south towards the present Western Cape Province. The area where George is situated is known today as Outeniqua Land. The word "Outeniqua" is derived from a Khoi word which means: "man laden with (or carrying bags of) honey". It is a place not only richly bestowed with natural beauty, but also well known for unparalleled growth and development.

The French traveller and writer, Francois le Valiant described the area as follows during his visit in the 17th century:

"Bloemrijke velden en de Schoonste weiden zetteden dit heerlijk landschap nog meerder luister bij. Ik was waarlijk opgetogen van Verrukking..."

The second dröstdy to be established, in 1811, after the British occupation of the Cape, George was named after King George III of England. In 1837 George gained municipal status and by 1907 was linked by rail to Cape Town. George, the City, is currently the administrative hub of the world-renowned Garden Route area. George is nestled below the magnificent Outeniqua Mountains. The wide expanse of forests, the blend of mountains, rivers and rich farmlands in close proximity to the sweeping coastline of the Indian Ocean and its glorious beaches make George a unique Southern Cape City. George enjoys a mild climate, with a small difference between the minimum and maximum temperatures. The average annual rainfall of 850 mm is spread throughout the year. An excellent system of highways and national roads link George to Cape Town, 420 km away, and Port Elizabeth - a mere 320 km to the east. The area is relatively crime free compared to other towns of similar size in the Country and has a well educated work force.

The municipal area is 1,068km² in extent and is situated approximately half way between Cape Town and Port Elizabeth. The municipal area includes the following:

- The City of George;
- The villages of Wilderness and Herold's Bay;
- Various coastal resorts such as Kleinkrantz, Victoria Bay and the wilderness National Park;
- Rural areas such as the area around Rondevlei, (east of Wilderness), Geelhoutboom, Herold, Hansmoeskraal and Waboonskraal.

Demographics

Based on the current statistics the population is estimated at 166,548 and 180,000 (2008) people and 35,525 households (according to the 2001 census statistics) residing in the municipal area. According to these stats, the population density is 126.67/km². The density of households is 33.23/km². The racial makeup of the municipality is Black African 27.28%, Coloured 50.38%, Indian/Asian 0.26%, and White 22.08%.

15.5% of all households are made up of individuals. The average household size is 3.81.

In the municipality, the population is spread out with 28.6% under the age of 15, 18.2% from 15 to 24, 32.7% from 25 to 44, 15.2% from 45 to 64, and 5.3% who are 65 years of age or older. The median age is 28 years. For every 100 females there are 95.9 males. For every 100 females age 18 and over, there are 93 males.

In the municipality 67.1% of residents speak predominating Afrikaans at home, 7.4% speak English, 0.0% speak IsiNdebele, 24.5% speak IsiXhosa, 0.2% speak IsiZulu, 0.0% speak Sepedi, 0.3% speak Sesotho, 0.0% speak Setswana, 0.0% speak SiSwati, 0.0% speak Tshivenda, and 0.0% speak Existing. 0.2% of the population speaks a non-official language at home.

It is perceived that 88.5% of the residents are Christian, 9.2% have no religion, 0.3% are Muslim, 0.0% are Jewish, 0.0% are Hindu, and 2.0% have other or undetermined beliefs.

According to certain studies undertaken amongst the community it has been found that 7.7% of residents aged 20 and over have received no schooling, 17.7% have had some primary school, 7.5% have completed only primary school, 32.0% have had some high school education, 24.4% have finished only high school, and 9.8% have an education higher than the high school level. Overall, 34.2% of residents have completed high school.

² Surveys undertaken within the area revealed that 56.2% of housing units have a telephone and/or cellphone in the dwelling, 38.7% have access to a phone nearby, and 5.1% have access that is not nearby or no access. 83.5% of families or households have a flush or chemical toilet. 86.9% have refuse removed by the municipality at least once a week and 3.0% have no rubbish disposal. 59.8% have running water inside their dwelling, 82.8% have running water on their property, and 94.4% have access to running water. 80.8% of households use electricity for cooking, 76.1% for heating, and 86.6% for lighting. 76.5% of households have a radio, 70.2% have a television, 14.9% own a computer, 66.1% have a refrigerator, and 39.2% have a cellphone.

It has also been established that 18.8% of the population aged 15-65 is unemployed. Of the unemployed persons, 53.5% are Black African, 43.0% are Coloured, 0.0% are Indian/Asian, and 3.4% are White. 36.2% of Black Africans are unemployed, 16.4% of Coloureds, 6.9% of Indians/Asians, and 2.8% of Whites.

The median annual income of working adults aged 15-65 is thus R 16,258 (\$2,439). Males have a median annual income of R 17,181 (\$2,578) versus R 14,753 (\$2,214) for females. The median annual income by race is R 10,436 (\$1,566) for Black Africans, R 12,978 (\$1,947) for Coloureds, R 38,722 (\$5,810) for Indians/Asians, and R 50,477 (\$7,573) for Whites. The annual income distribution in George Municipality is:

- No income 3.1%
- R 12 – R 4,800 (\$2 – \$721) 8.7%
- R 4,812 – R 9,600 (\$723 – \$1,443) 19.9%
- R 9,612 – R 19,200 (\$1,445 – \$2,886) 26.4%
- R 19,212 – R 38,400 (\$2,888 – \$5,772) 18.8%
- R 38,412 – R 76,800 (\$5,774 – \$11,543) 12.5%
- R 76,812 – R 153,600 (\$11,545 – \$23,087) 6.8%
- R 153,612 – R 307,200 (\$23,089 – \$46,174) 2.4%
- R 307,212 – R 614,400 (\$46,176 – \$92,348) 0.8%
- R 614,412 or more (\$92,350+) 0.6%

Staff

The municipality boasts with approximately 1200 staff members. Council recently adopted a new staff structure and adjusted the salary scales of these employees through the Task grading system. However, a major challenge facing the organization is skills and the transfer of skills to certain individuals within the organization.

2010 Fifa World Cup

Although George has not been earmarked to host World Cup games within the area, the City will play hosts to participating teams such as Japan and a hosts of other teams that showed an interest to practice and stay in George. With the expected world wide television coverage that is normally associated with such an event, the town of George will thus enjoy a great opportunity to showcase its natural beauty, improved infrastructure, culture and huge tourism potential coupled with financial injections to a global audience.

Critical Challenges

The provision of basic services to all residents within the broader George area remains one of the most critical challenges facing the Municipality. The provision of services to the community does not only depend on available resources, but also on the spatial development framework, as far as it resolves around the provision of housing to a growing population. Although approximately 95% of all households in the urban areas have access to basic services, there are still specific challenges which make the objective of 100% unattainable in the short term. These are the following:

- New environmental legislation which became effective before municipalities had the time to appoint the required skilled staff to bring projects in conformity with the requirements. Various projects are being delayed because the required environmental impact studies have not been approved as yet. An environmentalist was appointed in the meantime, but a backlog of approximately 1,000 households was created.
- The transfer of land from the provincial administration still takes years to finalise and a further approximately 1,000 households are affected.
- The Municipality's staff structure still shows a shortage of approximately 200 staff members which is delaying the planning and execution of projects. However, the recession also affected the municipality so much so as no new staff could be appointed.
- The provision of basic services in rural areas is a particularly complex issue. A survey to determine the real situation of farm workers, was completed in conjunction with the Eden District Municipality. The next step in the process, is the proactive planning to provide basic services. However, all these interventions had to be put on hold due to the global recession which also affected South Africa.

To make things even worst, South Africa, as it is with other continents, all experienced a major financial crises resulting in high oil and food prices, energy and political crises coupled with higher interest rates, the influx of refugees and xenophobic attacks. These challenges all had a spiral effect on our communities who lost their jobs and had no income to support their families.

Employment and job creation

Unemployment remains a serious problem not only in South Africa in general, but also in George. As the recession escalated, jobs were lost in the employment sector as more and more businesses had to close down, which affected the most marginalized, the poorest of the poor, resulting in an increase in the indigent grant category as more and more people could not pay their debt. This also lead to a slump in the property market with people either losing their homes due to default and or the sales in the domestic housing market going down.

Environment

George has always been known as the gateway to the garden route due to its natural environment and beauty with its sought after beaches. However, in recent years we have witnessed the effects and impact of the phenomena of global warming. George, however experienced its worst draught in 132 years resulting in the area being declared a disaster area together with other Towns such as Knysna, Mosselbay and Plettenberg Bay. The Municipality had to enforce drastic water cuts and creating an awareness amongst the community by declaring the area as a water scares area.

Sustainable Urban Infrastructure and Services

Since 1994, George has experience phenomenal growth. To comply to the demand of infrastructure provision, this meant that the municipality had to depend on government funding or apply to the private sector for loans to fund its capital projects. Unlike other municipalities as far as the backlog is concerned, the main challenge of the municipality is not only to address these short comings or backlogs, but to maintain and extend current infrastructure to such an extend that the demand of the backlog is properly addressed.

In view of the recession that the country experienced during late 2008/2009, the provision of infrastructure placed an enormous strain on the available internal funds making it unavoidable not to utilize external funding sources to meet the demand. The spill-over effect, made the municipality more conscious of the additional burden of capital charges on the consumer. In this regard the municipality is constantly involved in a balance exercise between tariff increases, growth income projections and other financing alternatives that will ease the strain on the consumer by making the municipal services more affordable and cost effective for them.

Public Transport.

The improvement and restructuring of the current road-based public transport services for George and its residents have always been on the priority list of the administration. Poor integration between different modes of public transportation as well as basic safety issues remain some of the serious concerns of the municipality. It is expected that with the introduction of the Integrated Rapid Transit system (IRT) initiative, the Municipality's public transport services will transform itself into a system that will meet the demand for access and mobility needs of all citizens, visitors, goods and services in an equitable and sustainable manner.

Integrated Human Settlement

Housing remains a problem not only in the municipal area of George, but in the whole of South Africa. New residents flock to the urban areas in pursuit of employment opportunities. Many of them lives in informal settlements within the broader george area. Housing however remains the greatest challenge facing the municipal council and with the limited available funds from the Province for formal housing, only a relative small number can be housed per year. This means that the housing waiting list will continue to grow.

Health, Social and Community Development

Housing play a very important role in the welfare of communities, especially the poorest of the poor. Because of the conditions under which these families stays, normally result in illnesses such as diarrhea, tuberculosis, pneumonia, HIV/AIDS, bronchitis and other diseases exacerbated by the poor living conditions.

Strategic Direction

George as a thriving city has commonly been referred to as the economic and administrative hub of the Eden District. It also has its own airport, linking the city to main centers in South Africa such as OR Tambo International Johannesburg, Cape Town– as well as Durban International Airports. George has also an excellent railway and road system linking the City to other important centers.

To support and enhance the status of George as the pace-setting destination in the region, the Municipal Council adopted five development priorities, viz a viz :

1. Service delivery
2. Local economic development
3. Municipal transformation and institutional development
4. Financial viability, and
5. Good governance

Role of Councillors

The role of councillors cannot be underestimated as they too have a role to play in developmental local government as they are the voices of the masses. They, not only act as a representative of the community that they serve, but they also act as the custodians or guardians of the municipality's finances. In this regard they must provide a leadership role in Council and give direction to the municipality. As previously stated, the effective functioning of a municipality begins with its political leadership. However, although this is not the case with the George Municipal Council, councillors have been accused of being arrogant and insensitive to the needs of the community. Lack of effective complaints management or no coherent systems in place to measure service delivery or the quality of client interface are some of the political reasons underlying protest action. Thus far, George municipality has not yet experienced any protest actions due to service delivery backlogs.

Notwithstanding the above, it has been pointed out that it is not easy to predict the likelihood of the occurrences of protests, given that protests do not necessarily take place in the poorest municipalities or wards with the worst service delivery backlogs in South Africa. Population growth and urbanization are key determinants from which a link with protests can be made. Housing administration and management and lack of employment opportunities are also some of the key concerns of residents, followed by the cost of services that can contribute to violent protest action.

The overall positive progress and success of the local government system in South Africa is however increasingly being overwhelmed by a range of factors and negative practices both internal and external to the organization. These factors range from poor governance, service delivery failures, their capacity and performance, but also to the unique challenges experience in the varying spatial locations of municipalities.

It therefore important that the municipalities plans to enhance service delivery must be not only be aligned to the basic needs of the community, but also with those of the national and provincial plans. Infrastructure development, encompassing the management of building integrated human settlements, and basic services such as water, electricity and sanitation remain the core focus of municipal IDPs. It is here that the councillors role in terms of the IDP is of paramount importance. Not only is the IDP a mechanism through which they have to make decisions, it also contains their constituency's needs and aspirations. Councillors have to participate to ensure that their community's needs and issues are well reflected and addressed.

Service Delivery

Although the Municipality had these political instability crises and setbacks it had to deal with, the administration remained and stayed focused and ensured that service delivery were rendered to the community.

During this review process a strong shift was made towards seamless working and planning arrangements with the other spheres of government and stakeholders in order to maximize social and economic development based on the principles of democratization, empowerment and redistribution.

Over the past few years the Municipality has gone through a dramatic phase of restructuring, transformation and organizational change. There has been a strong drive towards upliftment and the development of poor communities by means of focused programmes which was Led driven and in the improvement of informal settlements, upgrading of basic services and the provision of free water and electricity through the Municipal indigent grant.

After the election of the new Council (in March 2006), the Municipality opted to adopt an Executive Mayoral system including Section 79 and 80 Portfolio Committees and a 10 person Mayoral Committee. Provision was also made for Ward Participatory Mechanisms.(20 Ward committees) The Municipality's new Integrated Development Plan (IDP) was structured into strategic themes, each with identified objectives and interventions to action the themes and output targets (For more information – see 2007/2008 and 2008/2009 IDP documents on the Municipal website).

These themes were used as a framework to direct budget, human and other resources. The themes are: service delivery, local economic development, financial viability, municipal transformation and institutional development and good governance.

The strategic direction that the George Municipal City has undertaken has been set out in it's five year Integrated Development Plan which is based on the precept that each area has different needs and different socio-economic structures.

As such, trying to implement a generalized economic development programme as a one-size-fits all solution throughout the municipal area, will be hugely inefficient and will have limited impact.

The direction that the five year IDP embarked on is in line with the Municipality's vision and strategic direction. The services that the Municipality provides and the investment in its capital projects which includes infrastructure provision will make the Municipality more attractive to investors and ensure global competitiveness. Investors bring the possibility of job creation and assistance in driving development. It is thus vital for business and local stakeholders to join hands to make the local economy of George functional, investor-friendly and competitively productive. This means that the needs and requirements of all stakeholders must be understood and fulfilled.

It is perceived that successful private enterprise and productive public-private partnerships are the main creators of wealth in local communities. If they are to flourish, they must operate within an environment that is conducive to business which will lead to incentives for them to remain and grow. Hence the important role of municipal government in facilitating such conditions as the municipality alone cannot achieve the desired result. It is thus important that communication channels must be in place between the different parties so that there is a clear understanding of the roles, requirements, responsibilities and objectives of everybody involved.

In this regard it has been accepted that Business, NGO's, Community Structures and Local Government leaders are in the most appropriate position to identify the priorities in their areas. local economic development is therefore of critical importance although it has been erratic in practice due to the skills required to shape and direct economic growth in local areas. In this regard George Municipality, in terms of its Led-driven projects therefore aims to bring all these economic forces together in any region to identify its resources, determine its specific needs to stimulate growth, create employment and reduce poverty.

Service Delivery and Budget Implementation Plan (SDBIP)

The adoption of The Service Delivery and Budget Implementation Plan (SDBIP) by the George municipality is to give effect to the IDP and the budget of the Municipality. It is an expression of the objectives of the Municipality, in quantifiable outcomes that will be implemented by the administration for the financial year relevant to the period. The Service Delivery and Budget implementation Plan (SDBIP) is a commitment by the Municipality to meeting service delivery and budget spending targets during the financial year under review. It includes the service delivery targets and performance indicators for each quarter which are linked to the performance agreement of senior management. It therefore facilitates oversight over financial and non-financial performance of the municipality and allows the Municipal Manager to monitor the performance of the Senior Managers, whilst the Executive Mayor/Council monitor the performance of the Municipal Manager. Through the IDP and public participation the Community in turn can also monitor the performance of the individual councilors and Municipal Council in the delivery process .

The Municipality's IDP is guided by the Municipal Systems Act, the Finance Management Act and SA Constitution, which give specific powers and responsibilities to Local Government. In this instance, Local Government is responsible for providing roads, electricity distribution, water and sewerage systems, waste and waste removal, wastewater treatment, urban planning traffic safety, by-law enforcement, and site and services for housing.

The IDP, which will be discussed in detail elsewhere in this report, on the other hand is an agreed upon service delivery strategy between Local Government and the residents of George, and is a plan to guide the Municipality on the manner how the budget should be spent on where and on what.

It is a detailed outline of how the Municipality intends to implement the objectives set out in the Municipality's Integrated Development Plan (IDP).

Based on the public input, the Municipality developed the strategic focus areas mentioned above. Thereafter corporate objectives were developed from these areas which were expanded on in Directorate and Departmental Business Plans. This resulted in resources being allocated firstly through a budget prioritization model at a corporate level and pulled through to the Business plans, which are underpinned by programmes and projects. Objectives are measured through key performance indicators at every level, and continuously monitored throughout the year.

The purpose of the annual report is to provide background into the role of the SDBIP which is linked to the IDP and to guide the reader through the relationship between service delivery and the budget. It provides the reader with the five year corporate scorecard setting out the Corporate and Directorate objectives which will separately be discussed elsewhere in this report, with each indicator and targets against which the Municipality will be held accountable over the remaining years of the five year IDP cycle. The 2008/2009 year's targets have been discussed in detail via the quarterly targets and submitted to the Municipal Council for approval.

The capital budget for the next three years has been broken down into the strategic focus areas and objectives identified in the IDP, providing the first level of linkage between the IDP and the budget. This linkage is further elaborated on in each Directorate and Department Business plans. The projected monthly cash flow is broken down into revenue by source and expenditure and revenue by department.

The content of this document is high-level and strategic and is intended for consumption by the general public, government departments, business and councilors and other interest groups.

The SDBIP is a layered plan, with the top layer of the plan dealing with consolidated service delivery targets and linking such targets to top management performance agreements. (MFMA Circular No. 13). Only the tip of the information pyramid is published as the Published or Corporate SDBIP.

This document therefore correlates with the Published SDBIP as required by National Treasury.

1.1 Legislative Imperative

In terms of Section 53 (1) (c) (ii) of the MFMA, the SDBIP is defined as a detailed plan approved by the mayor of a municipality for implementing the municipality's delivery of municipal services through its annual budget, which must indicate the following –

- (a) projections for each month of –
 - (i) revenue to be collected, by source; and
 - (ii) operational and capital expenditure, by vote
- (b) service delivery targets and performance indicators for each quarter, and
- (c) other matters prescribed

According to Section 53 of the MFMA, the Executive Mayor is expected to approve the SDBIP within 28 days after the approval of the budget. In addition, the Executive Mayor must ensure that the revenue and expenditure projections for each month and the service delivery targets and performance indicators as set out in the SDBIP are made public within 14 days after its approval.

2. Linking the IDP to the budget

The Integrated Development Plan (IDP) is the principal strategic planning instrument of George Municipality. It informs all planning and development and all decisions with regard to planning, management and development. The process to prepare the IDP is a participatory process aimed at developing a three to five year strategic plan. The IDP should be read in conjunction with the following documents which form the operational plans of the municipality while the IDP provides the strategic focus:

- The ward plans for each of the 20 wards;
- Sector plans such as the Disaster Management Plan and Water Services Plan;
- The master plans for the various municipal services such as the Housing-, Sanitation-, Electricity supply – and Streets Master plan.

The IDP is reviewed on an annual basis. In the planning of this revision phase cognizance has been taken of various gaps in the previous planning process and feed back from the performance evaluation of the 2007/2008 year. It was decided to concentrate this revision process around the following issues:

- **The ward committee system** was introduced in the previous year as a method to improve public participation. The preparation of ward plans, as a basis for community based planning, was introduced and the preparation of ward plans consisting of the following was initiated:

- A profile of each of the 20 wards;
- A SWOT analysis;
- Issues prioritised by the ward committee as an input to the IDP and the budget for the next year;
- The budget broken up per ward as a basis for monitoring progress and performance of the municipality on the delivery of services.

- **The preparation of a performance management framework** and the identification of performance targets and performance indicators much earlier in the process, resulting in Municipal Key Performance areas and Objectives/Targets linked to the Service Delivery Budget Implementation Plan of the Municipality;

- **A review of performance indicators** to ensure that targets are appropriate to the department or section involved;

- **The level of satisfaction of public** with services rendered by the Municipality needs to be scientifically determined to enable a database to be set up and to measure progress in future;

- **The Retention and Recruitment of skilled staff** is an ever increasing challenge. A strategy to improve the situation needs to be adopted;

- The improvement of **alignment** between the different spheres of government;

- **A well defined development strategy and the Improvement of the IDP – Budget link** is the last aim of this revision process.

The George Municipality is eager to create an enabling environment that could stimulate economic growth and create employment opportunities to the poor. Communities must be provided with an effective, equitable service delivery implementation strategy with a well-governed and effective administration corps.

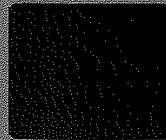
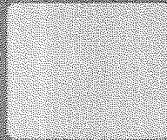
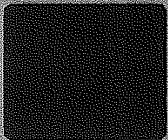
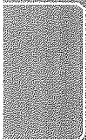
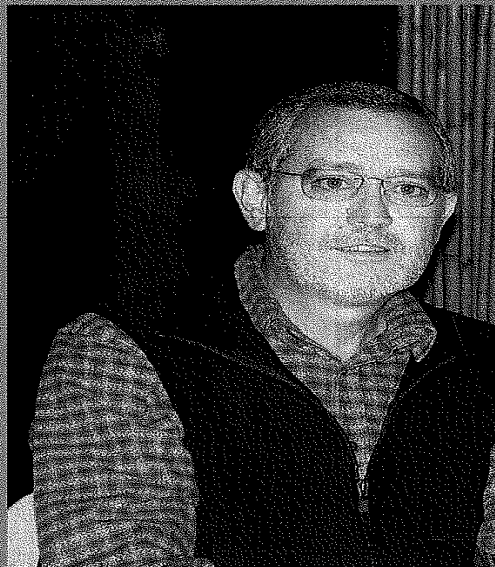
To support and enhance the status of George as the pace setting destination in the region, the Municipality adopted five development priorities. These are:

1. Service delivery
2. Local economic development
3. Municipal transformation and institutional development
4. Financial viability, and
5. Good governance

To enable the municipality to measure and report on actual performance against its targets, the Municipality uses the Service Delivery Implementation Plan (SDBIP) and the balance scorecard methodology are used to cascade the strategy downwards to lower levels of the organization. By using this methodology, influenced and shape the operational and capital budgets of the different departments within the municipality. As highlighted in the IDP strategy for George, the Municipal Council aligned itself with national and provincial objectives by incorporating the national and provincial performance indicators into the corporate score card, which is monitored on a regular basis.

The information on each item per Department will be discussed in detail here under in this Annual report.

1.4]] report of the chief financial officer for the year ended 30 june 2009



1. PREAMBLE

It is my pleasure to give a brief summary of the financial results of George Municipality for the financial year ending 30 June 2009.

2. METHOD OF PREPARATION OF FINANCIAL STATEMENTS

The Annual Financial Statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and fairly present the financial position, the results of operations and cash flows of the Municipality.

The Minister of Finance has, in terms of General Notice 552 of 2007, exempted compliance with certain of the abovementioned standards and aspects or parts of these standards for the 2007/8 financial year but not for the 2008/9 financial year for the High Capacity municipalities.

All GRAP Standards therefore had to be complied with by the Municipality for the 2008/9 financial year.

This resulted in an enormous task for the financial administration as many of the standards that had to be complied with resulted in changes that had to be effected as soon as with the preparation of the 2008/9 budgets.

NOTE: ALL APPENDIXES AND NOTES REFERRED TO ARE AS REFLECTED IN THE FINANCIAL STATEMENTS.

3. COMPARATIVE RESULTS

From the outset it must be mentioned that due to the staggered implementation of some of the exempted financial standards, as per Government Gazette 30013 dated 29 June 2007, comparative figures of the actual results and original budgeted amounts proved to be extremely difficult and in some cases even impracticable.

Furthermore the comparison between the actual 2009 results with the actual 2008 results as included in the final 2008 financial statements also did not provide sensible reading.

The reason for this situation is mainly due to the fact that with the implementation of any of the exempted standards, where not impracticable, the previous financial results also had to be amended retrospectively.

Amounts reflected in the 2009 financial statements regarding 2008 will therefore differ in some instances.

Budgeted amounts in some instances had to be adjusted in order to comply with the stipulations of the new financial standards.

4. REVIEW OF OPERATING RESULTS

The operating activities culminated in a deficit of R27,6 million for the financial period under review. After the necessary transfers to and from the surplus were made through appropriations in accordance with GRAP, the balance of the surplus as at 30 June 2009 was R8,7 million.

The overall operating results for the year ending 30 June 2009 as well as the comparison with the budgeted figures are reflected in the following table:

Description	Budget	Adjusted Budget	Actual	Variance Actual as % of
	2009	2009	2009	Adjusted Budget %
	R000	R000	R000	
INCOME				
Operating income	694 990	654 206	667 470	2,03
EXPENDITURE				
Operating expenditure	665 938	670 404	695 054	3,68
Closing surplus/Deficit	-29 052	16 198	27 584	

(Refer Appendix D)

Details of the operating results per segmental classification are included in Appendix D and operational results per category, together with a cryptic explanation of significant variances of more than 10 per cent from the adjusted budget, are included in Appendix E(1) in the annual financial statements.

Appropriations to various funds and reserves permitted in accordance with GRAP are accounted for in the Statement of Changes in Net Assets and not in the Statement of Financial Performance.

The main reason for the deficit can be attributed to the fact that Council approved an Adjustment Budget in March 2009 where operating expenditures were increased without a subsequent increase in revenue.

4.1. OPERATING EXPENDITURE 2007/2008

The following table reflects a breakdown of the expenditure per grouping for 2008/09 against the budget for that year for comparison purposes:

EXPENDITURE	Budget 2009 R000	Adjusted Budget 2009 R000	Actual 2009 R000	Variance Actual / Adjusted Budget %
Remuneration	195 695	182 352	188 354	3,29
General expenses	475 568	405 639	427 009	5,27
Repairs & maintenance	57 332	56 205	54 258	-3,46
Capital charges	38 343	31 714	29 028	-8,47
Contributions to capital	165	237	195	-17,72
Contributions to reserves	0	97 870	99 987	2,16
Less: Amounts charged out	-101 165	-103 615	-103 777	0,16
Expenditure	665 938	670 404	695 054	3,68
Appropriations	29 033	29 033	-36 330	
Net expenditure	694 971	699 437	658 724	-5,82

4.1.1 REMUNERATION

The net result was an over expenditure of R6 million caused by the implementation of the TASK results and the provision of additional Employee Benefits as per the IAS 19 Standard.

4.1.2 GENERAL EXPENDITURE

The main expenditure types which influenced the difference between budgeted and actual results are numerous as this section comprises of a vast variety of expenditure items. There are items where savings were achieved and items where over-expenditure occurred.

The approval of additional expenditure on the March 2009 Adjustment Budget is the main reason for the over expenditure in this category.

The 5,27% represents a variance of R21,4 million.

4.1.3 REPAIRS AND MAINTENANCE

This category resulted in a total under expenditure of 3,46% between the adjusted budget and actual results.

4.1.4 CAPITAL CHARGES

The net result of capital charges reflected a saving of R2,69 million and can be attributed to the delayed taking up of external loans as well as the utilization of internal funding from the internal CRR funds.

The transfer of surplus unallocated funds to the CRR resulted in only R107,3 million external loans being taken up in 2008/9.

Refer to Appendix A in the Annual Financial Statements for more details.

4.1.5 CONTRIBUTIONS TO CAPITAL OUTLAY

An under expenditure of R42 000 was achieved in this category.

annual report 2008 / 2009

4.1.6 LESS: AMOUNTS CHARGED OUT

The minimal increase in overall expenditure in service delivering departments resulted in the increase of amounts charged out for services rendered by these departments.

An additional R162 000 was charged out.

5. OPERATING INCOME

Income per income category is as follows:

INCOME	Adjusted Budget 2009 R000	Actual 2009 R000	Variance Actual / Adjusted Budget %
Assessment rates	103 716	101 896	-1,75
Electricity	216 949	228 126	5,15
Water	63 067	63 688	1,00
Sewerage	44 780	44 887	0,40
Cleansing	34 986	33 334	-4,72
Interest earned	27 625	34 784	25,91
Operating & Capital grants	82 739	85 553	3,40
Other income categories	68 609	49 902	-27,27
Total income	642 421	640 172	-0,35
Appropriations			
Net income	642 421	640 172	

(Refer Appendixes D and E1)

The following are reasons for some of the variances:

5.1 ASSESSMENT RATES

The decrease of 1,75% between the adjusted budget and actual results is a clear indication that all the anticipated rates were levied.

The reason for the decrease can mainly be attributed to the results of the valuation appeal board decreasing some valuations.

5.2 ELECTRICITY SERVICES

The increase of 5,15% between the adjusted budget and actual results can mainly be attributed to capital grants received.

Total revenue for this service also increased indicating a growth in the sale of electricity as well as the increased tariffs.

5.3 WATER SERVICES

The actual result compares with the adjusted budget assumptions.

5.4 SEWERAGE SERVICES

The variance can be attributed to increased usage.

5.5 INTEREST EARNED

Interest earned was too conservative. The rational is to where possible allocate interest income rather to strengthen the statutory funds and capital replacement reserves than to utilise interest earned to finance operational expenditure.

Although the variance between the budgeted and actual results increased with 25,9%, interest earned decreased with R8 million from 2007/8 to 2008/9 indicating a decrease in available funds to be invested.

5.6 OPERATING AND CAPITAL GRANTS

All operating grants for the budgeted projects were not forthcoming from the provincial government, especially housing funds where projects were transferred to following years.

The adjustment budget took this fact into consideration.

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6. MUNICIPAL EXTERNAL DEBT

At the end of the financial year the amounts borrowed and outstanding were as follows:

TYPE OF DEBT	BALANCE AT 30/06/2008 R000	RECEIVED R000	REDEEMED R000	BALANCE AT 30/06/2009 R000
Annuity loans	310 142	107 443	13 937	403 648
Lease liability	279		235	44
Other loans	8 078		702	7 376
Total loans	318 499	107 443	14 874	411 068

Loans to finance the 2008/2009 Capital expenditure in the amount of R107,443 million were raised during the financial year under review.

The municipality has added a net loan amount of R92.6 million (R82 million in 2007/8) to the outstanding loans which will have a direct affect on capital charges and redemption affordability in future financial years.

The full details of the individual loans are reflected in Appendix A in the financial statements.

7. ACCUMULATED STATUTORY FUNDS AND PROVISIONS

Details of the distributable reserves and provisions are stated in Notes 16, 17, 19 and 20 of the financial statements and are, inter alia, reflecting the following:

DESCRIPTION	BALANCE AT 30/06/2008 R000	BALANCE AT 30/06/2009 R000
Housing development fund	66 404	70 685
Provisions	0	3 746
Creditors (Trade payables)	44 191	64 894
Unspent grants & receipts	28 880	18 660
Total	139 475	157 985

In terms of legislation, surpluses in distributable reserves are to be invested until required.

The details of the investments are provided in Note 12 under the heading cash and cash equivalents.

8. NON CURRENT PROVISIONS

These provisions were made so that the municipality can fulfill its known legal obligations when they become due and payable.

Non-current provisions amounted to R68 046 696 as at 30 June 2009 and is made up as follows:

Provision for:

	<u>2008</u> R000	<u>2009</u> R000
Post-retirement Medical Aid Benefits Liability	56 532	61 550
Ex-Gratia Pension Benefits Liability	505	330
Long Service Leave Awards	5 394	6 167

The obligations are based on actuarial valuations.

9. CURRENT LIABILITIES

Current liabilities are those liabilities of the Municipality due and payable in the short term (less than 12 months). There is no known reason as to why the Municipality will not be able to meet its obligations.

Current Liabilities amounted to R142 414 448 at 30 June 2009 (R117 490 655 at 30 June 2008) and are made up as follows: (R 000)

• Consumer deposits	Note 18	10 785
• Provisions	Note 16	3 746
• Creditors	Note 10	64 893
• Unspent conditional grants and receipts	Note 19	18 660
• Employee Benefits	Note 14	11 850
• Current Portion of Deferred Revenue	Note 15	10 511
• Current portion of long-term liabilities	Note 13	20 362
• V A T	Note 11	1 607
TOTAL		142 414

10. CURRENT ASSETS

Current Assets amounted to R586 046 354 on 30 June 2009 (R664 892 157 on 30 June 2008) and are made up as follows: R000

• Inventory	Note 8	307 391
• Consumer debtors (Trade receivables)	Note 9	60 394
• Other debtors	Note 10	24 473
• Current portion of long-term receivables	Note 7	900
• VAT	Note 11	0
• Bank, Cash and Cash Equivalents	Note 12	192 888
TOTAL		586 046

11. DEBTORS / RECEIVABLES

Details regarding the debtors are provided in full in Note 7 (Long-term debtors) and Note 10 (Other debtors).

The ageing of debtors for the previous two years is reflected in note 19.

12. CAPITAL EXPENDITURE AND FINANCING

The Council adhered to guidelines that National Treasury sets for capital expenditure. The Capital Budget was IDP-driven and approved projects were done in terms of the IDP prescriptions.

The expenditure during the year in respect of fixed assets amounted to R284,3 million. It is 14,9% more than the previous financial year.

The following table shows the distribution of the additions to fixed assets according to the various directorates:

DIRECTORATE	BUDGET 2009 R000	ADJUSTED BUDGET 2009 R000	ACTUAL RESULT 2009 R000	VARIANCE ADJUSTED BUDGET / ACTUAL %
Municipal Manager	1 455	837	757	-9,61
Corporate Services	9 951	7 631	7 407	-2,93
Planning & Housing	4 493	5 942	5 735	-3,47
Environmental Affairs	12 955	11 199	10 507	-6,18
Community Safety Services	6 793	5 606	5 745	2,49
Civil & technical Services	244 433	213 144	212 599	-0,26
Electro technical Services	49 272	41 525	41 355	-0,41
Financial Services	900	251	195	-22,26
Grand total	330 202	286 135	284 301	-0,64

The above-mentioned fixed assets were financed from the following sources:

TYPE OF FINANCE	ORIGINAL BUDGET 2009	ADJUSTED BUDGET 2009	ACTUAL RESULT 2009
	R000	R000	R000
External financing fund	134 200	126 479	130 278
Capital replacement reserve	109 938	94 727	89 381
Grants	86 064	64 929	64 642
Grand total	330 202	286 135	284 301

			R000	%
◆ External long-term loans			130 278	45,82
◆ Conditional Grants	-	Provincial Government	34 390	12,10
◆ Conditional Grants	-	National Government	30 253	10,64
◆ Capital Replacement Reserve:				
▪ General			20 793	7,31
▪ Cleansing Infrastructure			2 017	0,71
▪ Electricity Infrastructure			14 807	5,21
▪ Sewerage Infrastructure			10 072	3,54
▪ Water Infrastructure			28 373	9,98
▪ Sale of property			10 860	3,82
▪ Roads and stormwater			2 458	0,86
TOTAL			284 301	100,00

Further information regarding capital expenditure is outlined in Appendix B, C and E(2) in the financial statements.

Further details regarding variances on individual projects will be reflected in the specific directorates' reports.

13. BANK, CASH AND CASH EQUIVALENTS

Bank, cash and cash equivalents at hand on 30 June 2009 amounted to R192,9 million compared to R276,1 million for 2007/08 – a decrease of R83,2 million or 30,1%. The main reason for this decrease is due to the utilization of internal funds for the creation of assets.

The detailed bank, cash and cash equivalents are outlined in note 12 of the financial statements.

14. LIQUIDITY SITUATION

The bank, cash and cash equivalents were allocated as outlined below to the various statutory funds, reserves, creditors deposits, operational cash, etc.

	<u>R MILLION</u>
CAPITAL REPLACEMENT RESERVE (CRR)	6,9
LONGTERM LIABILITIES	7,4
DEPOSITS	10,8
EFF ACCOUNTS	14,5
HOUSING FUND	58,7
UNSPENT GRANTS	18,7
CREDITORS	64,9
PROVISIONS	3,8
WORKING CAPITAL	7,2
TOTAL CASH AND CASH EQUIVALENTS	192,9

Council can therefore, based on this decline in surplus cash availability, not approve any additional transfers to the CRR as in previous years.

This is an alarming situation that will have to be provided for in the adjustment budget for 2009/10 as well as for forthcoming years.

The situation regarding the availability of cash backed funds towards internal funding will remain an aspect that will have to be managed with the utmost diligence.

15. AUDIT COMMITTEE

An audit committee is well established and an Audit Committee Charter is in place. The Committee serves as a link between the Council, Management, the public, Internal and External Auditors. Meetings were held and during these meetings the reports were evaluated to address internal control measures and evaluate the implementation of corrective measures.

16. ASSET MANAGEMENT

The report by the Auditor-General qualified the financial statements due to certain aspects that had to be addressed in the 2007/08 financial year.

The report of the Auditor-General once again qualified the financial statements due to certain aspects that were not addressed to his satisfaction in the 2008/09 financial year. The opinion of the Auditor-General is not supported in all instances mentioned in the audit report.

What however emerged without a doubt is the fact that the number of personnel that is currently deployed in the sections involved with the preparation of the financial statements proved to be insufficient. This aspect will have to be urgently addressed in the 2009/10 financial year.

This aspect was mentioned to the Auditor-General when he visited the Municipality during June 2009. The national target for clean audits in 2014 will not be achieved if this matter is not addressed immediately.

17. GOING CONCERN

The financial position of this municipality is currently, as detailed in the financial statements and audit report, still regarded as a going concern but not at such a level that it can be categorically stated that for the foreseeable future the municipality will still be regarded as a going concern.

There are factors that will require constant monitoring and evaluation to enable this position to be maintained in the medium to long-term.

18. FINANCIAL COMPARISON / ANALYSIS TOOL

Attached to this report are the comparative financial indicators for the past three financial years that express in more financial details the financial results for the Municipality.

It should be noted that, as mentioned in the start of this report, due to the phasing in of the financial standards, some of the indicators will only make more sense in future years.

For example in 2007 inventory did not include property held for sale but it was only included as from 2008.

19. EXPRESSION OF APPRECIATION

I am grateful to the Executive Mayor, fulltime Councillors, the Municipal Manager, Councillors and Senior Managers for the support they have rendered to this directorate during the 2008/09 financial year.

A special word of appreciation is extended to the team from the directorate financial services for the concerted efforts and sacrifices during the financial year enabling financial statements of high quality to be submitted.

L H FOURIE
CHIEF FINANCIAL OFFICER: GEORGE MUNICIPALITY

Statement of Financial Position

George Municipality

		Rands (R'000)		
Description		2007	2008	2009
Current Assets	Accounts Receivable	59,460	69,360	84,868
	Cash and Cash Equivalents	301,724	276,157	192,888
	Inventory	16,752	310,306	307,390
	Other Current Assets	0	9,068	900
	Total Current Assets	377,936	664,891	586,046
NonCurrent Assets	Fixed Assets	606,049	1,420,494	1,646,056
	Accumulated Depreciation (enter as negative)			
	Net Fixed Assets	606,049	1,420,494	1,646,056
	Intangibles and Other Assets	3,617	3,586	1,155
	Investments in Other Companies			
	Longterm Investments	19,750	4,767	4,272
Total Non Current Assets		629,416	1,428,847	1,651,483
Total Assets		1,007,352	2,093,738	2,237,529
Current Liabilities	Accounts Payable	69,504	64,346	88,861
	Short Term Borrowings	-	-	-
	Short Term Portion of LT Debt	10,902	14,501	20,362
	Other Current Liabilities	42,686	38,644	33,191
	Total Current Liabilities	123,092	117,491	142,414
Non Current Liabilities	Longterm Debt/Borrowings	225,627	303,998	390,706
	Other Longterm Liabilities	133,292	258,211	317,954
	Total Non Current Liabilities	358,919	562,209	708,660
Total Liabilities		482,011	679,700	851,074
Net Assets	Housing Fund	61,589	66,404	70,685
	Accumulated surplus and Housing Fund	463,752	1,347,634	1,315,770
	Total Net Assets	525,341	1,414,038	1,386,455
Total Liabilities & Net Assets		1,007,352	2,093,738	2,237,529
Must be (0)		0	0	0
Check =>		Balances	Balances	Balances
Other	Average Accounts Receivable	59,460	64,410	77,114
	Average Inventory	16,752.0	163,529	308,848
	Average Net Fixed Assets	606,049.0	1,013,272	1,533,275
	Average Total Assets	1,007,352.0	1,550,545	2,165,634
	Average Accounts Payable	69,504.0	66,925	76,604
	Total Debt/Borrowings	236,529	318,499	411,068
	Average Total Liabilities	482,011.0	580,856	765,387

Statement of Financial Performance

George Municipality

		Rands (R'000)		
Description		2007	2008	2009
Operating	Revenues/Sales	449,307	494,305	577,007
	Other Operating Revenues	50,459	38,541	29,950
	Total Revenues	499,766	532,846	606,957
	Cost of Goods Sold (enter as negative)	-80,814	-88,881	-119,763
	Other Operating Expenses	-228,984	-236,900	-290,714
	Total Direct Expenses	-309,798	-325,781	-410,477
	Selling, General & Administrative (enter as negative)	-121,907	-134,282	-164,219
	Operating Income	68,061	72,783	32,261
NonOperating	Interest Expenses (enter as negative)	-19,108	-27,338	-36,066
	Foreign Exchange (Loss) Gain	-	-	-
	Associated Company (Loss) Gain	288	372	-1,568
	Other NonOperating (Loss) Gain	-	-	-
	Income Tax Expense (enter as negative)	-	-	-
	Income Before Extra Ord Items	49,241	45,817	-5,373
	Extra Ordinary Items (Loss) Gain	-	-	-
	Tax Effects of Extraordinary Items	-	-	-
	Minority Interests (enter as negative)	-	-	-
	Net Income	49,241	45,817	-5,373
Other	Earnings Before Interest expense & Taxes	68,349	73,155	30,693
	Depreciation & Amortization (enter as negative)	-30,776	-39,731	-56,995
	Interest Income	34,100	41,332	34,784
	Credit sales	449,307	494,305	577,007
	Credit purchases (enter as negative)	-	-	-
	Total Non Operating Expenses	-18,820	-26,966	-37,634
	Total Extra Ordinary and Other Items	0	0	0
	Tax Rate	0.00%	0.00%	0.00%

Key Financial Indicators for:

George Municipality

Description	Rands (R'000)		
	2007	2008	2009

EBITDA :

Income before ExtraOrd Items	49,241	45,817	-5,373
Interest Expense	19,108	27,338	36,066
Income Tax Expense	0	0	0
Depreciation and Amortization	30,776	39,731	56,995
EBITDA	99,125	112,886	87,688
 EBITDA Margin	 19.83%	 21.19%	 14.45%

Working Capital:

Current Assets	377,936	664,891	586,046
Current Liabilities	123,092	117,491	142,414
Working Capital	254,844	547,400	443,632

Liquid Capital:

Cash and Cash Equivalents	301,724	276,157	192,888
Accounts Receivable	59,460	69,360	84,868
Total Current Liabilities	-123,092	-117,491	-142,414
Long Term Debt	-225,627	-303,998	-390,706
Preference Shares	0	0	0
Liquid Capital	12,465	-75,972	-255,364

Ratio Analysis for:

George Municipality

Title	Rands (R'000)		
	2007	2008	2009

Liquidity

Quick Ratio (Acid-Test Ratio) 2.93 3.02 1.96
An indicator of a business's short-term liquidity. The ratio measures a business's ability to meet its short-term obligations with its most liquid assets. The higher the ratio, the better the position of the business.

Current Ratio 3.07 5.66 4.12
A liquidity ratio that measures a business's ability to pay short-term obligations with its short-term assets. The higher the ratio, the better the business's ability to adhere to its short-term obligations.

Receivables Turnover (Times) 7.56 7.67 7.48
A measure used to quantify a business's effectiveness in extending credit as well as collecting debts.

Inventory Turnover (Times per year) 4.82 0.54 0.39
A ratio indicating how many times a business's inventory is sold and replaced over a period.

Days Inventory on hand (Days) 75.66 671.55 941.27
Indication of days inventory on hand.

Average Collection Period (Days) 48.30 47.56 48.78
The approximate amount of time that it takes for a business to receive payments owed, in terms of receivables, from its customers and clients. To establish whether credit control has been efficiently managed.

Creditors Payment period (Days) #DIV/0! #DIV/0! #DIV/0!
Indication of how long it takes the business on average to pay its creditors.

Fixed Asset Turnover (Times per year) 0.82 0.53 0.40
Indicates utilization of assets.

Total Asset Turnover (Times per year) 0.50 0.34 0.28
Measurement of effectiveness of asset management.

Debt to Revenue Ratio 0.47 0.60 0.68

Accounts Receivable to Revenue Ratio 0.13 0.13 0.13

Days Sales in Accounts Receivable 48.30 47.56 48.78

Asset Management

Title	2007	2008	2009
-------	------	------	------

Working Capital

Gross Working Capital 377,936 664,891 586,046

Net Working Capital 254,844 547,400 443,632

A measure of both a company's efficiency and its short-term financial health.

Working Capital Turnover 1.96 0.97 1.37

A measurement comparing the depletion of working capital to the generation of revenues over a given period. This provides some useful information as to how effectively a company is using its working capital to generate sales.

Profitability

Gross Profit Margin 83.83% 83.32% 80.27%

The gross margin represents the percent of total revenue that the business retains after incurring the direct costs associated with producing the goods and services sold by a business.

Net Profit Margin 9.85% 8.60% -0.89%

Shows how much of each Rand earned by the business is translated into profits.

Return on Total Assets 7% 4.72% 1.42%

A measurement of how effective management used the assets that was entrusted to them.

Return on Equity 9.37% 3.24% -0.39%

Return on equity measures a business's profitability by revealing how much profit a business generates with the money shareholders have invested.

Debt Management

Debt to Equity Margin 45.02% 22.52% 29.65%

A measure of a business's financial leverage.

Total Liabilities to Equity 0.92 0.41 0.55

Indicates to what extend liabilities are covered by shareholders funds.

Debt to Total Assets 0.23 0.21 0.19

Indicates to which extend debt is covered by assets.

Total Assets to Total Liabilities 2.09 2.67 2.83

Indicates to which extend liabilities are covered by assets. Also called solvency ratio.

Benchmark Analysis for:**George Muniz**

Obtain benchmark data on the respective industry for the specific Business.

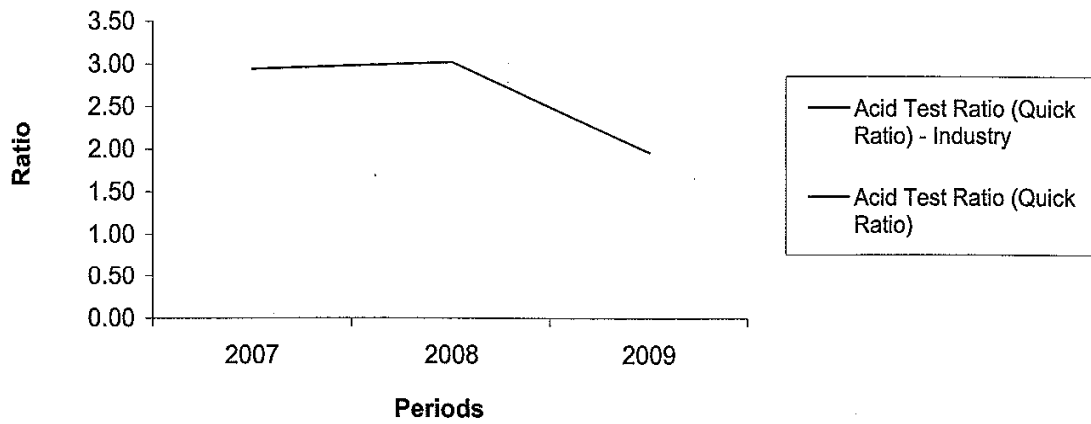
Input the benchmark data into the appropriate input cells.

Standard data has been entered for incase benchmark data is not available. This data was obtained from Statistics SA's (P0021 report) and represents data for All industries, which should assist where actual benchmark data is not available.

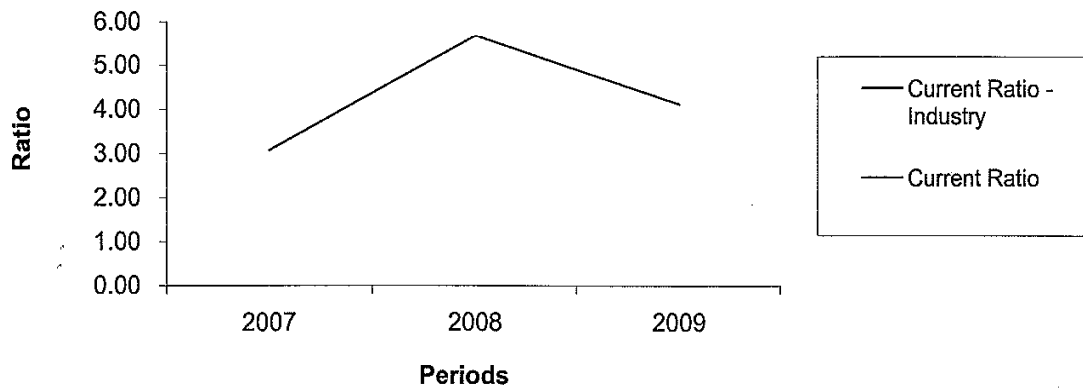
	Period	Period	Period
Description	2007	2008	2009
Acid Test Ratio (Quick Ratio) - Industry			
Acid Test Ratio (Quick Ratio)	2.93	3.02	1.96
Current Ratio - Industry			
Current Ratio	3.07	5.66	4.12
Receivable Turnover - Industry			
Receivable Turnover	7.56	7.67	7.48
Days to Collect A/R - Industry			
Days to Collect A/R	48.30	47.56	48.78
Inventory Turnover - Industry			
Inventory Turnover	4.82	0.54	0.39
Days Inventory on Hand - Industry			
Days Inventory on Hand	75.66	671.55	941.27
Gross Profit Margin - Industry			
Gross Profit Margin	83.83%	83.32%	80.27%
Net Profit Margin - Industry			
Net Profit Margin	9.85%	8.60%	-0.89%
Return on Equity - Industry			
Return on Equity	9.37%	3.24%	-0.39%
Debt to Equity - Industry			
Debt to Equity	45.02%	22.52%	29.65%

Graphs appear below for each of the above comparisons:

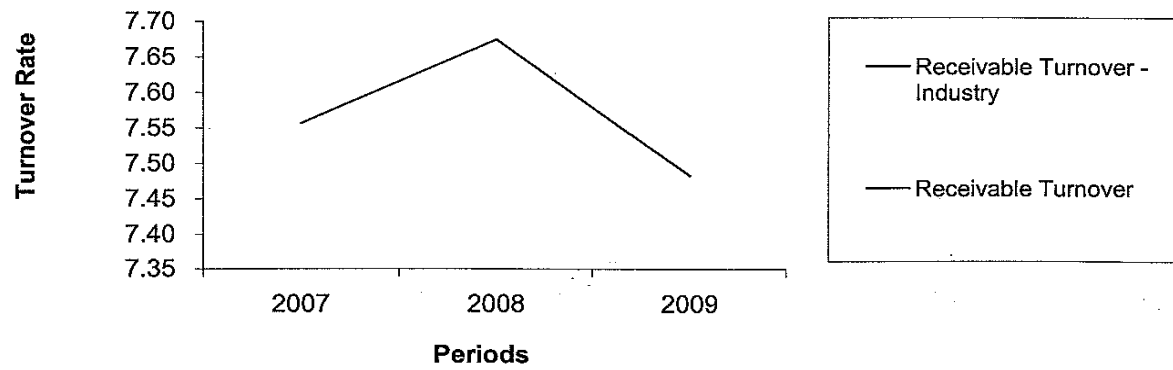
Acid Test Ratio Comparison



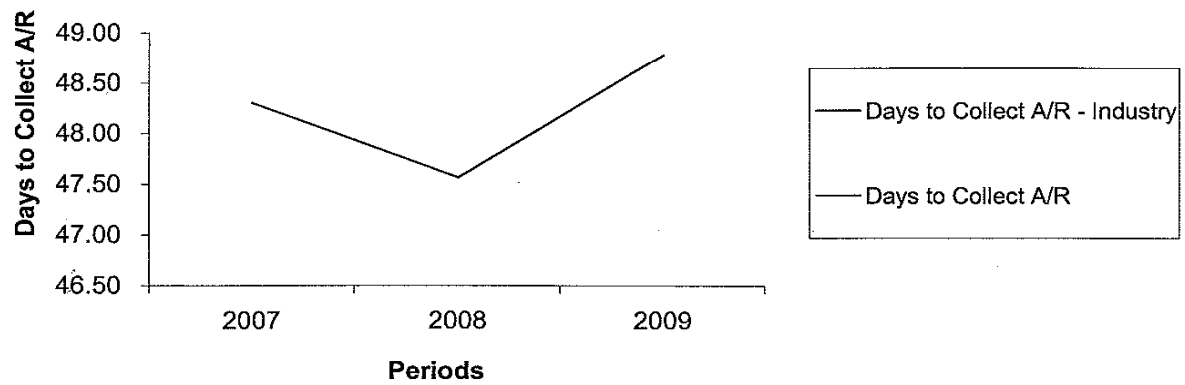
Current Ratio Comparison



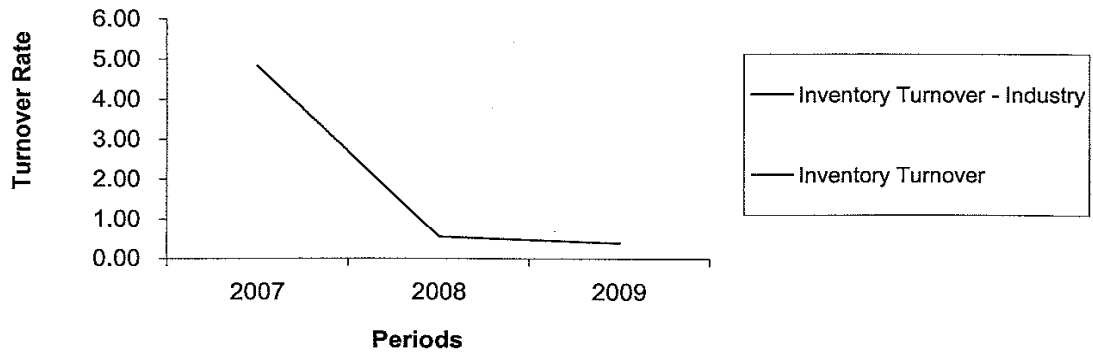
Receivable Turnover Comparison



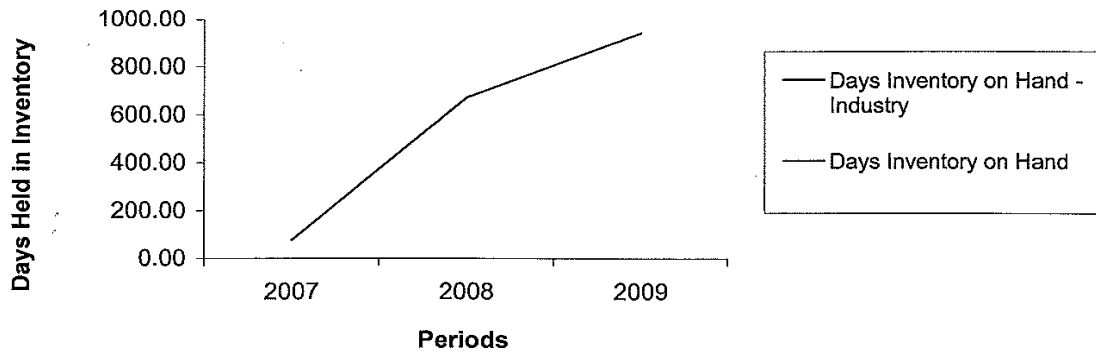
Receivable Collection Comparison



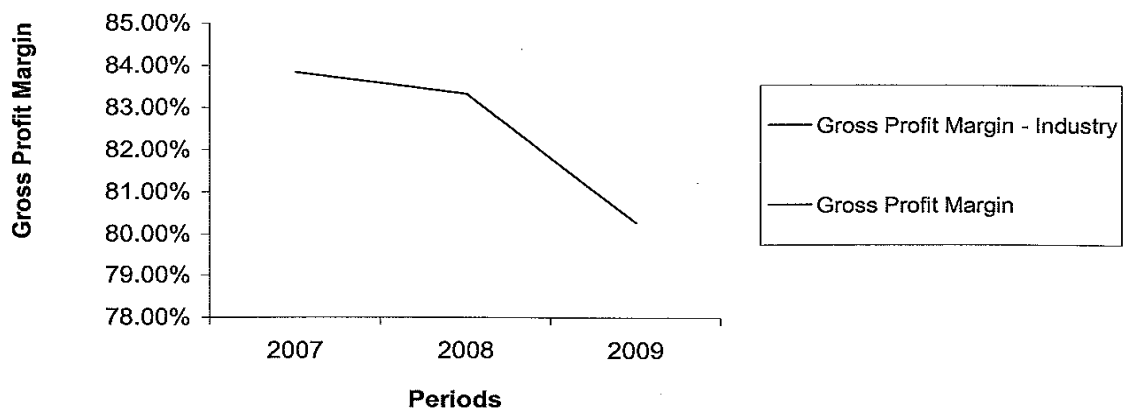
Inventory Turnover Comparison



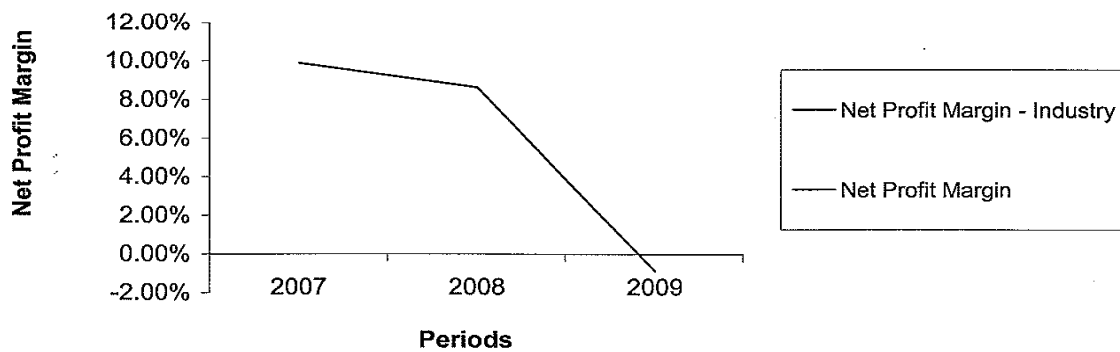
Days Inventory on Hand Comparison

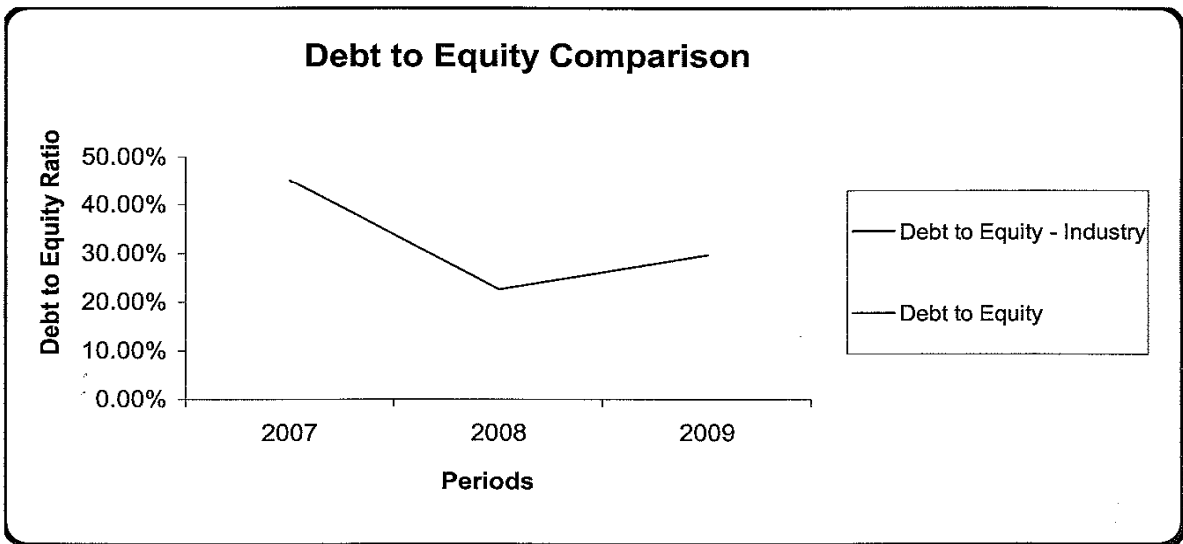
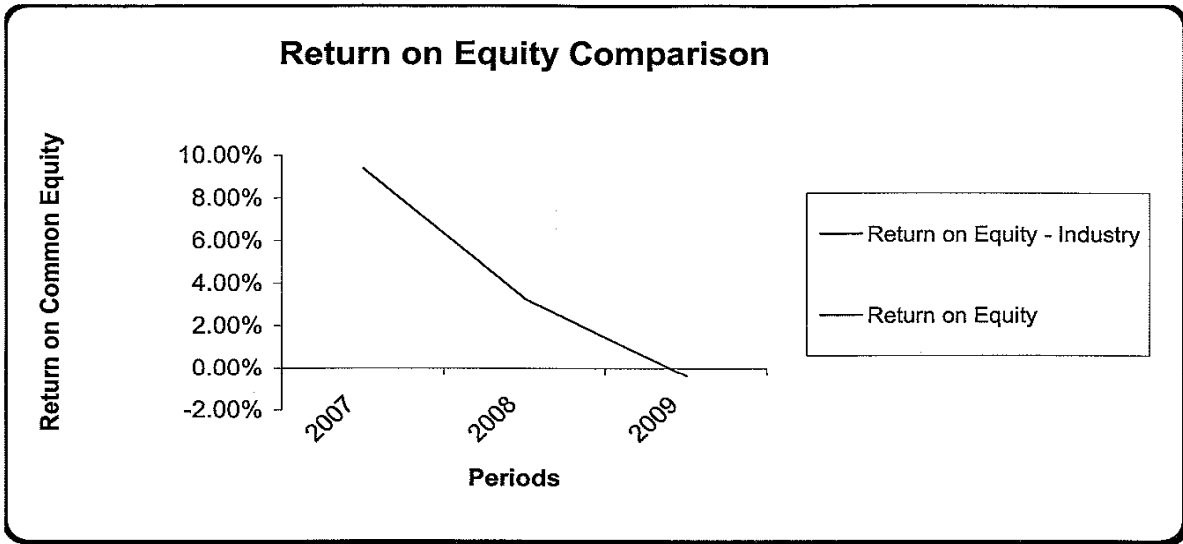


Gross Profit Margin



Net Profit Margin





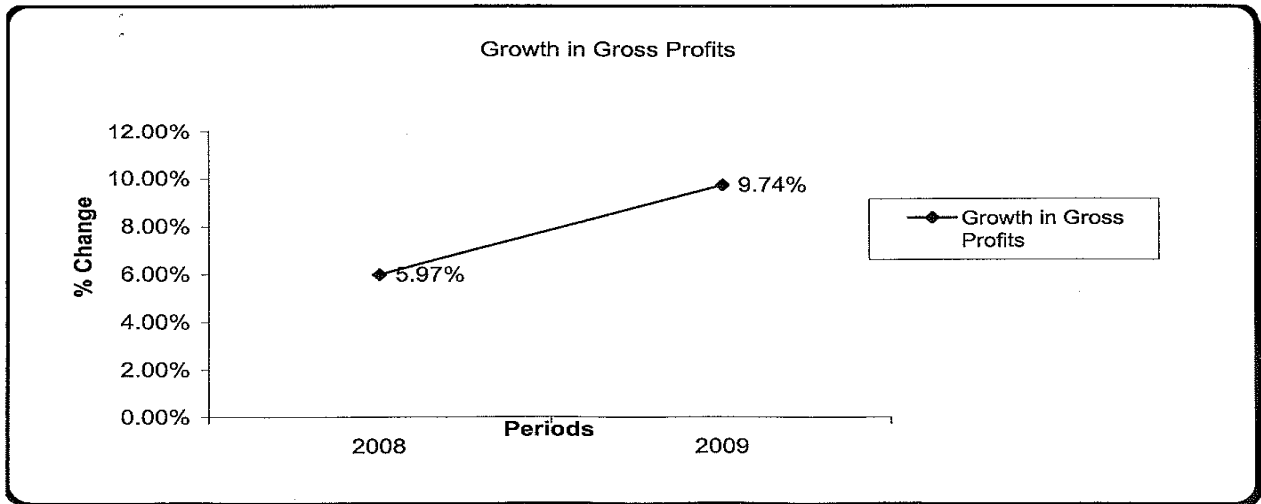
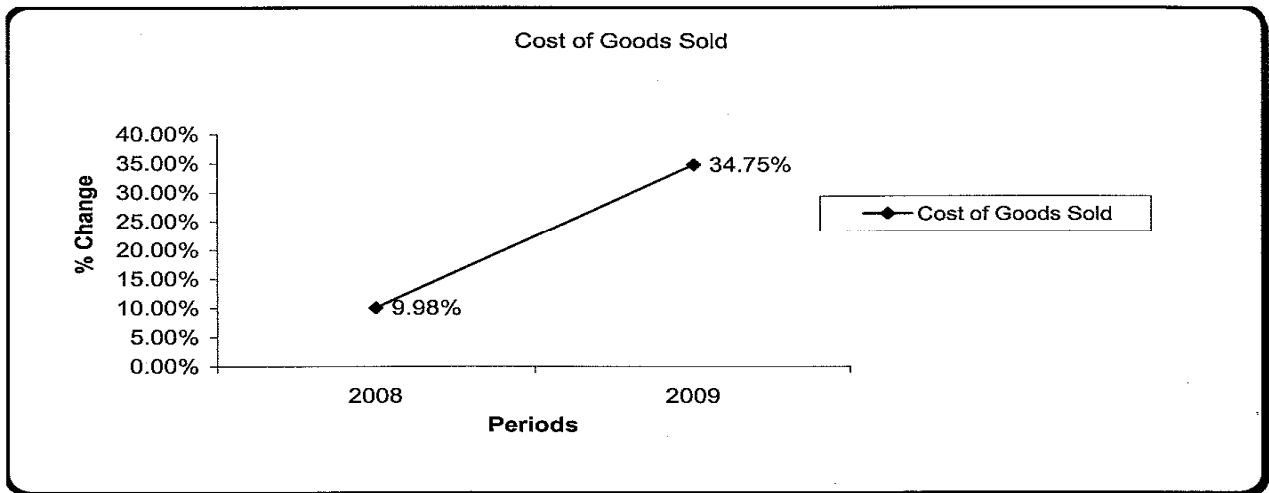
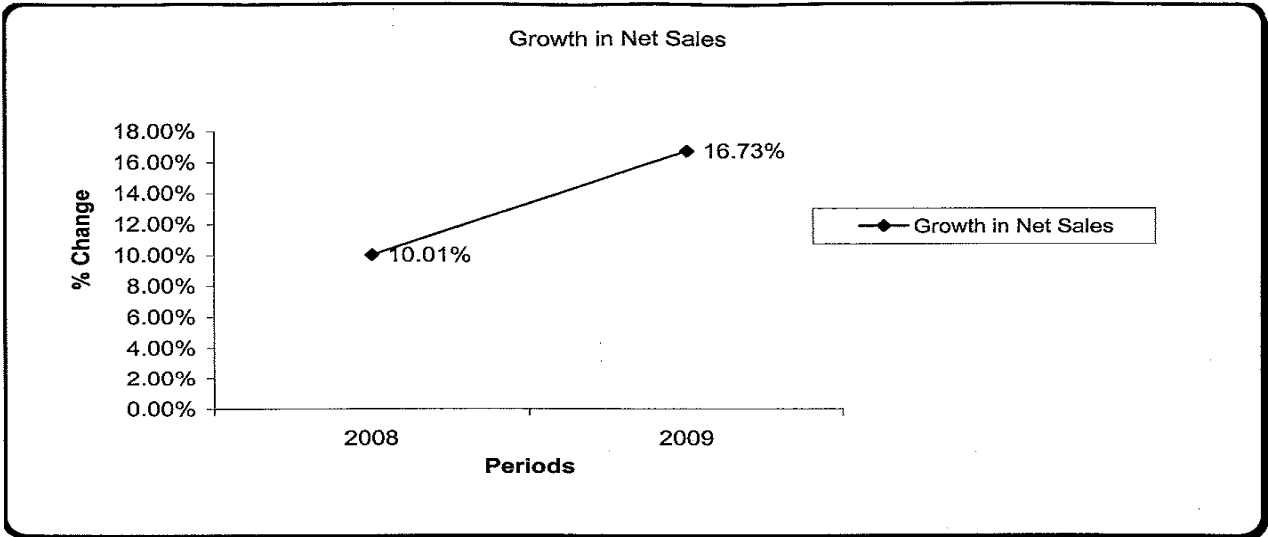
Horizontal Analysis for:

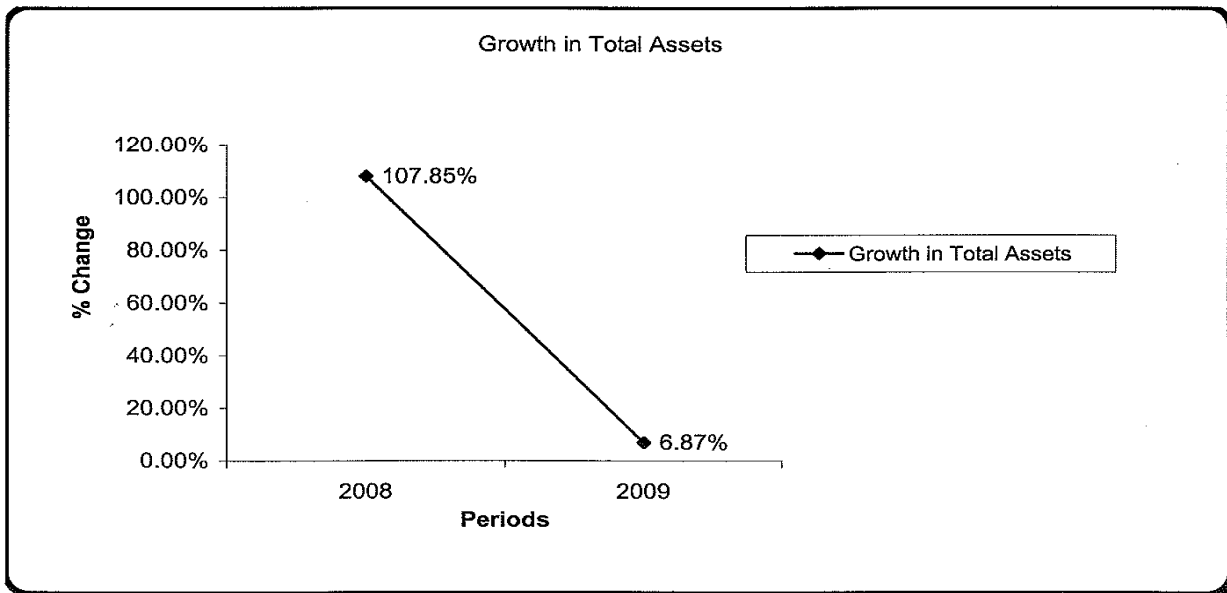
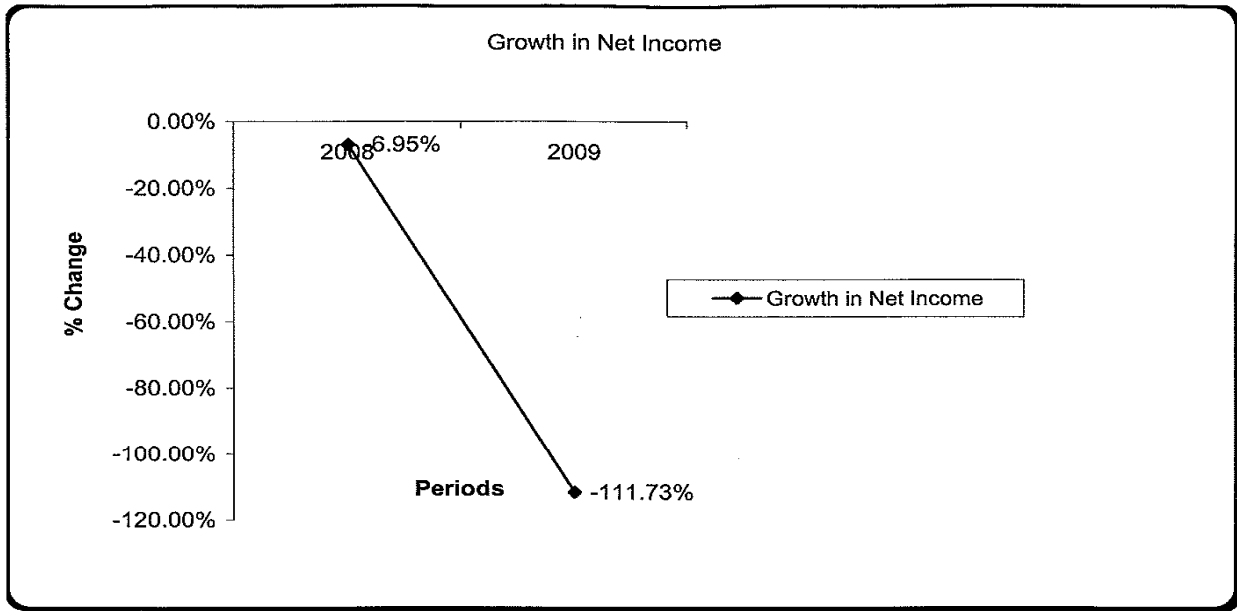
George Municipality

Horizontal Analysis indicates change between periods as percentages for amounts in the financial statements.

Description	Period	Period
	2008	2009
Growth in Net Sales	10.01%	16.73%
Cost of Goods Sold	9.98%	34.75%
Growth in Gross Profits	5.97%	9.74%
Growth in Interest Expense	43.07%	31.93%
Growth in Non Operating Expenses	43.28%	39.56%
Growth in Net Income	-6.95%	-111.73%
Cash and Cash Equivalents	-8.47%	-30.15%
Accounts Receivable	16.65%	22.36%
Inventory	1752.35%	-0.94%
Other Current Assets	#DIV/0!	-90.07%
Total Current Assets	75.93%	-11.86%
Net Fixed Assets	134.39%	15.88%
Longterm Investments	-75.86%	-10.38%
Intangibles and Other Assets	-0.86%	-67.79%
Total Non Current Assets	127.01%	15.58%
Growth in Total Assets	107.85%	6.87%
Accounts Payable	-7.42%	38.10%
Short Term Portion of LT Debt	33.01%	40.42%
Other Current Liabilities	-9.47%	-14.11%
Total Current Liabilities	-4.55%	21.21%
Longterm Debt / Borrowings	34.73%	28.52%
Other Longterm Liabilities	93.72%	23.14%
Total Non Current Liabilities	56.64%	26.05%
Growth in Total Liabilities	41.01%	25.21%
Housing Fund	7.82%	6.45%
Accumulated surplus	190.59%	-2.36%

Trend Line Graphs Appear Below for Selected Comparisons:





Vertical Analysis for:

George Municipality

Vertical analysis indicates financial statements as percentages. On the Balance Sheet, Total Assets is assigned 100% and on the Income Statement, Total Revenues is assigned 100%.

Account Title	Expresses as %		
	Period 2007	Period 2008	Period 2009
Cash and Cash Equivalents	29.95%	13.19%	8.62%
Accounts Receivable	5.90%	3.31%	3.79%
Inventory	1.66%	14.82%	13.74%
Other Current Assets	0.00%	0.43%	0.04%
Current Assets	37.52%	31.76%	26.19%
Net Fixed Assets	60.16%	67.84%	73.57%
Longterm Investments	1.96%	0.23%	0.19%
Investments in Other Companies	0.00%	0.00%	0.00%
Intangibles and Other Assets	0.36%	0.17%	0.05%
Non Current Assets	62.48%	68.24%	73.81%
Total Assets	100.00%	100.00%	100.00%
Accounts Payable	6.90%	3.07%	3.97%
Short Term Borrowings	0.00%	0.00%	0.00%
Short Term Portion of LT Debt	1.08%	0.69%	0.91%
Other Current Liabilities	4.24%	1.85%	1.48%
Total Current Liabilities	12.22%	5.61%	6.36%
Longterm Debt / Borrowings	22.40%	14.52%	17.46%
Other Longterm Liabilities	13.23%	12.33%	14.21%
Total NonCurrent Liabilities	35.63%	26.85%	31.67%
Total Liabilities	47.85%	32.46%	38.04%
Preference Shares	0.00%	0.00%	0.00%
Housing Fund	6.11%	3.17%	3.16%
Accumulated Surplus	46.04%	64.36%	58.80%
Total Net Assets	52.15%	67.54%	61.96%
Total Liabilities & Net Assets	100.00%	100.00%	100.00%

Statement of Financial Position

Total Revenues	100.00%	100.00%	100.00%
Cost of Goods Sold	16.17%	16.68%	19.73%
Gross Profit	83.83%	83.32%	80.27%
Operating Expenses	70.21%	69.66%	74.95%

Statement of Financial Performance

	Account Title	Expresses as %		
		Period 2007	Period 2008	Period 2009
Statement of Financial Position	Cash and Cash Equivalents	29.95%	13.19%	8.62%
	Accounts Receivable	5.90%	3.31%	3.79%
	Inventory	1.66%	14.82%	13.74%
	Other Current Assets	0.00%	0.43%	0.04%
	Current Assets	37.52%	31.76%	26.19%
	Net Fixed Assets	60.16%	67.84%	73.57%
	Longterm Investments	1.96%	0.23%	0.19%
	Investments in Other Companies	0.00%	0.00%	0.00%
	Intangibles and Other Assets	0.36%	0.17%	0.05%
	Non Current Assets	62.48%	68.24%	73.81%
	Total Assets	100.00%	100.00%	100.00%
	Accounts Payable	6.90%	3.07%	3.97%
	Short Term Borrowings	0.00%	0.00%	0.00%
	Short Term Portion of LT Debt	1.08%	0.69%	0.91%
	Other Current Liabilities	4.24%	1.85%	1.48%
	Total Current Liabilities	12.22%	5.61%	6.36%
Statement	Longterm Debt / Borrowings	22.40%	14.52%	17.46%
	Other Longterm Liabilities	13.23%	12.33%	14.21%
	Total NonCurrent Liabilities	35.63%	26.85%	31.67%
	Total Liabilities	47.85%	32.46%	38.04%
	Preference Shares	0.00%	0.00%	0.00%
	Housing Fund	6.11%	3.17%	3.16%
	Accumulated Surplus	46.04%	64.36%	58.80%
	Total Net Assets	52.15%	67.54%	61.96%
	Non Operating Expenses	3.77%	5.06%	6.20%
	Income Before Extra Ord Items	9.85%	8.60%	-0.89%
	Net Income	9.85%	8.60%	-0.89%
Current to Revenues	Accounts Receivable to Revenues	11.90%	13.02%	13.98%
	Inventory to Revenues	3.35%	58.24%	50.64%
	Other Current Assets to Revenues	0.00%	1.70%	0.15%
	Current Assets to Revenues	75.62%	124.78%	96.55%
	Accounts Payable to Revenues	13.91%	12.08%	14.64%
	Short Term Borrowings to Revenues	0.00%	0.00%	0.00%
	Other Current Liabilities to Revenues	8.54%	7.25%	5.47%
	Current Liabilities to Revenues	24.63%	22.05%	23.46%

2.1]] performance management report



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The Municipality's status with regard to the nine phases in performance management during the 2008/2009 financial year was undertaken in terms of the Municipal Systems Act's requirements. The Municipality's status with regard to these phases during the 2008/2009 financial year is indicated below:

Phases of Performance Management

PHASE	STATUS
1	<p>Review and the development of Integrated Development Plan (IDP)</p> <p>The Municipality's IDP for the 2008/2009 financial year, as required in terms of Section 35 of the MSA was adopted on 27 May 2008.</p>
2	<p>Development and implementation of the Performance Management System (PMS)</p> <p>George is currently in the process of developing a Performance Management System (PMS) as required by legislation. The process plan for delivery on the PMS has been developed during 2009 through an external stakeholder process.</p>
3	<p>Development and implementation of key performance indicators (KPI)</p> <p>For the 2008/2009 financial year the IDP was reviewed and developed and contains outcome, input and output objectives. Input into the strategic objectives of the IDP was developed through interactive internal and external processes. The process started with the consultation of community meetings with each of the elected Ward Committees. Inputs developed for the directorate and departmental business plans were used as input into the IDP. The strategic goals of the IDP were used to develop the Service Delivery and Budget Implementation Plans (SDBIP), which must contained the Municipality's key performance indicators and output targets. The Council of George approved the high-level SDBIP during 2007. This plan is aligned with the IDP, budget and section 57 employees' performance agreements and forms the basis for the performance reporting in the City.</p>
4	<p>Setting of targets for key performance indicators</p> <p>During 2008/2009 workshops were run with the Integrated Intergovernmental Development Task Team to align local, provincial and national strategies. Community and sector organizations participated in the prioritization of Council initiatives at ward, and city wide levels. During these interventions and with the approach stated in Phase 3, targets were set which ultimately formed the basis for the SDBIP 2008/2009.</p>
5	<p>Actual service delivery process</p> <p>The Municipality's actual performance is monitored, measured and reviewed on a quarterly basis with regard to each of its development priorities and objectives and against measured against the key performance indicators (KPIs) and targets as required in the MSA, section 41 and regulation 13. This is performed via the quarterly performance reporting cycle. Reporting includes reasons for variance and remedial steps where performance is below target. Performance agreements are used to track the municipal manager and all senior managers' performance [Section 57(1)(b)].</p>
6	<p>Internal monitoring</p> <p>Community involvement:- During this financial year, the community was engaged in monitoring the Municipality's performance during the annual report oversight process as required in terms of section 42 of the MSA, and its performance regulations 15(2)(a)(v). An advertisement was published in the newspapers to engage the public to provide comment. The community must monitor the Municipality's performance in relation to the set key performance indicators and performance targets via appropriate mechanisms, which must be established in terms of Chapter 4 of the Act.</p> <p>Municipal Entities:- George Housing Association (GHA) is the entity with whom Municipality does business and they are monitored in terms of their performance.</p>
7	<p>Internal control of the Performance Management System</p> <p>Internal audits on the progress with the implementation of the Municipality's performance system were performed as required by section 45(a) of the MSA, and performance regulations 14(1)(C)(i). The 2008/2009 KPI's and Municipal Manager's targets were aligned to those of the IDP, but were not fully cascaded down to all staff levels. This was due to the organizational realignment and the executive appointment process that was still underway during this period. The Performance Management System will soon be rolled out to other staff.</p>
8	<p>Performance measurement and reporting</p> <p>City administration and Municipal Entities:- The Municipality measured its own performance in terms of a reporting framework against the IDP and SDBIP indicators and targets as required in terms of section 41 (i) of the MSA and performance regulations 13 for the financial year 2008/2009.</p> <p>Staff:- The Municipality is in the process of developing a framework to track Senior Managers and lower level staffs' performance. Currently only section 57 employees' (Municipal Manager and senior officials reporting to the Municipal Manager) performances were reviewed during the 2008/2009 financial year).</p>
9	<p>Revision of Municipality's performance</p> <p>The Municipality will soon implement a system that will highlight the strengths, weaknesses, opportunities and threats experienced by the Municipality in meeting its KPI's and performance targets as required in terms of performance regulation 13 (40) (a). The Municipal strategies and objectives were reviewed and an IDP for the 2008/2009 financial year was compiled and approved by the Council.</p>

The performance management process that was applied in terms of current legislation included the following:

Table 2.2 Performance Management Linkages

Policy and Framework	Performance Management Committee	Performance Management System		Annual Performance Report			
		S57 Appointees	All Staff to be developed	Performance	Comparisons	Service Delivery Priorities	Performance Targets
Policy has been drafted for implementation	To be established	All (8)	All non-S57 Contracts Directors and Managers	As per SDBIP annual review	As per SDBIP annual review	As per SDBIP annual review	As per SDBIP

Corporate Scorecard and Service Delivery and Budget Implementation Plan (SDBIP)

The SDBIP, budget, IDP and section 57 employees' performance agreements outlined above were linked to the City's strategic themes mentioned earlier. Service delivery targets as stipulated in the IDP and SDBIP and the actual performance against these targets for this financial year (2008/2009) are reported on in this report. The performance indicators for each department as well as the quarterly budget monitoring report is appended to this report.

2.1.1 Service delivery and Development Planning

George Municipality has undertaken a 5 year Integrated Development Plan (IDP). The IDP basically determines how the council will spend its budget from 2008/9 until 2011/2012. This strategic process starts with consultation with community base organizations through public meetings, which reflects the community's needs and which is agreed upon between the local government and the residents of the greater George area. Budget priorities are then set for the entire municipal area where resources can be optimally be deployed.

According to the Municipal Systems Act of 2000, all municipalities have to undertake an integrated development planning process to produce integrated development plans (IDPs). As the IDP is a legislative requirement, it has a legal status and supersedes all other plans within the George Municipality that guide development at local government level. The Integrated Development Planning (IDP) process for the 2007/2008 financial year was characterized by a distinctive five phase approach, namely:

- Analyzing community needs
- Strategy development to address identified needs
- Project development to realize developed strategies
- Integration of various directorates to reach a common goal
- Approval of the finalized document

Although George is making great strides in addressing the above challenges, there remain some critical aspects that need to be addressed. The following is some key measures and interventions that will be used to deal with these issues:

- Addressing the skills development gap by aligning with government's Joint Initiative on Priority Skills Acquisition programme (JIPSA);
- Economic development through skills development and training programmes;
- Devoting our budget to provide and maintain the infrastructure required to sustain the development of the City;
- The development of the new Macrostructure also made provision for a new department, Community Safety, to actively address safety issues, traffic control, fire prevention and management as well as general disaster management, which is helpful in our flood prone area;
- Unemployment and poverty is addressed through George Local Economic Development Strategy (GLEDS);
- Youth development, caring for our disabled as well as our children gets priority with our Social Development Section catering for these specific needs;
- Our Environmental department aims at eradicating alien vegetation and monitors noise and air pollution as well as the affects of global warming on our environment.

The Municipality is currently in the process of establishing an Intergovernmental Relationship (IGR) with another Municipality to assist in the development of a Performance Management System (PMS). The system has three components, namely:

1. **MONITORS**: Whether the George Municipality is effective and efficient with regard to Service Delivery;
2. it **MEASURES** George Municipality's **ACCOUNTABILITY** with regard to the use of municipal resources such as money and staff;
3. and it **EVALUATES** performance and identifies areas of non-performance or underperformance which allows intervention for improvement of service delivery.

The Service Delivery and Budget Implementation Plan (SDBIP) is also used as a tool to measure performance on IDP indicators. George's IDP thus focus on its resources and how this will best be used to address the challenges facing the city. It also places strong emphasis on the continued service delivery and developmental role which the Municipality is tasked with to the benefit of its Community.

2.1.2 DEVELOPMENT STRATEGIES

To achieve the aforementioned the Municipality identified five development priorities that are aligned to that of National Government. These developmental priorities serve as the building blocks around which actions take place to realize the vision of George Municipality.

The developmental priorities ensures the establishment of the necessary structures that combines all elements of planning, implementation and subsequent monitoring and evaluation of projects that will realize the vision.

Priority 1: Service Delivery

Through the promotion of excellence in service delivery to all residents of our City and addressing as well as eradicating all identified service backlogs.

The sustained service delivery will promote the economic growth rate for our city, contributing to the current economic and development boom that George is experiencing. This priority is also aimed at actively addressing the challenge of Infrastructure and service delivery and subsequently Local Economic Development.

Service delivery includes the provision of (and):

- Good water infrastructure;
- Maintenance of Roads and Storm Water drainage;
- Sanitation/Sewerage services;
- Transportation Planning/Traffic Engineering;
- Municipal Libraries;
- Spatial Planning;
- Social Housing focusing on Integrated Human Settlements;
- Environmental Impact Studies;
- Electricity Supply
- Maintenance of Traffic Lights
- Maintenance of Street Lights
- Electrical Infrastructure development
- Cleansing
- Maintenance of Parks & Recreation Amenities such as Cemeteries;
- Public Open Spaces, Public swimming pools, Beaches, Sports Grounds, Caravan Parks & Resorts
- Environment Health through the monitoring of Noise and Air Pollution;
- Disaster Management Services;
- Fire-fighting Services;
- Traffic Services;
- Law Enforcement;
- Safety Services.

Priority 2: Local Economic Development

Local Economic Development (LED) is argued to be one of the pillars of George Municipality's key objectives as determined in the IDP and is committed to its contribution towards the wellbeing of the community of George. George has an estimated unemployment rate of 51.88%, subsequently affecting the socioeconomic conditions in George.

The LED section strives to actively address this challenge through:

- Sustainable economic growth;
- Creation of meaningful, quality and sustainable jobs;
- Development of human capital in George, focusing on empowerment of identified sectors;
- Alleviate poverty and promote pro-poor development solutions;
- New venture creation and sustainable SMME development;
- Driving economic transformation and BBBEE through adherence to BBBEE;
- Directives and Codes of Good Practice.

Priority 3: Municipal Transformation and Institutional Development

In August 2006 George Municipality appointed a new Municipal Manager and adopted a revised macro-organizational structure that was geared to drive its organizational strategy and render quality, affordable and equitable services across its entire area of jurisdiction.

In order to ensure sustained excellent service delivery to the area and to effect Council's strategic intent and direction, the Municipality appointed a dedicated team of highly qualified and experienced senior personnel who were committed and dedicated to serve the Council in transforming the Municipality into an organization characterized by excellence and high-quality customer service.

The structure focuses on the following areas:
Support to the Municipal Manager, that includes:

- Corporate Strategy
- Performance Management
- Public Participation
- Intergovernmental Relations
- Councillor Support
- Social Development
- Community Safety
- Corporate Services
- Electrotechnical Services
- Integrated Development Planning
- Communications/Public Relations
- Legal Services
- International Relations
- Economic Development
- Financial Services
- Planning & Housing
- Civil Engineering Services
- Environmental Affairs

Priority 4: Financial Viability

George Municipality strives to remain viable in the effective management of its financial services, supporting Government directives and legislative requirements which includes the MSA, MFMA and Constitution of South Africa.

The Financial Services department manages the financial affairs of the municipality to ensure the optimum use of all municipal assets. It is the protector and custodian of the public purse as it levies taxes and charges from the public and administers the expenditure of those taxes and charges on goods, services and assets on their behalf.

The financial processes include:

- budget preparation
- financial statements
- investments
- valuations
- services
- budget monitoring reporting
- supply chain management including stores/warehousing
- loans
- rates
- credit control

Priority 5: Good Governance

Governance describes the process of decision-making and the process by which decisions are implemented. Local Government is tasked to conduct public affairs, manage public resources, and guarantee the realization of human rights. The George municipal council is in this instance the focal point for corporate governance and as such they have collective responsibility to ensure that they comply with the principles of the South Africa Constitution, Act 108 of 1996.

George Municipality ascribe to the following principles of good governance as set out in Section 195(1)(a-i) of the Constitution of the Republic of South Africa, Act 108 of 1996:

- (a) A high standard of professional ethics must be promoted and maintained;*
- (b) Efficient, economic and effective use of resources must be promoted;*
- (c) Public administration must be development-orientated.*
- (d) Services must be provided impartially, fairly, equitably and without bias.*
- (e) People's needs must be responded to, and the public must be encouraged to participate in policy making.*
- (f) Public administration must be accountable.*
- (g) Transparency must be fostered by providing the public with timely, accessible and accurate information.*
- (h) Good human-resource management and career-development practices, to maximise human potential, must be cultivated.*
- (i) Public administration must be broadly representative of the South African people, with employment and personnel management practices based on ability, objectivity, fairness, and the need to redress the imbalances of the past to achieve broad representation.*

2.1.3 Our Spatial Development Framework

The George Municipal area can be broken down into four main areas - the urban core (CBD, commercial corridors and industrial areas), the suburbs, the urban periphery (coastal developments, smallholdings, show grounds) and the rural/environmentally protected areas (mountain catchment areas, rivers, ravines, indigenous forests, coastal areas).

The outward growth of the City of George is confined due to natural barriers – the Indian Ocean to the south, the Outeniqua Mountains to the north, the Kaaimans River to the east and the Gwaiing River and productive agricultural areas to the west meaning that there is limited land available for future urban expansion – to accommodate the growing housing backlog, new housing, industrial and commercial development, etc.

It was therefore necessary to establish an urban edge around the City to curb further urban sprawl and maximise existing opportunities through densification starting with the Central Business District which has been identified in the George SDF as strategic intervention area.

It is important for the sustainable functioning of the CBD to promote the establishment of a diversified mix of complementary land uses. As a result, it was envisaged to undertake within the 2008/2009 financial year an economic viability study for the George CBD which will probably also include a study for the activity corridors (Courtney Street/Knysna Road, Sandkraal Road and York Street/Beach Road) and decentralisation nodes for Thembalethu and Pacaltsdorp. The study will inform the urban renewal programme for the CBD.

The CBD and sections of land on its periphery have been identified by the department for the establishment of economic and middle income housing that will allow residents in the outlying suburbs the opportunity to access more affordable housing closer to their work. These areas include Groeneweide Park extension (municipal land), Rooirivier (municipal land), the York Street High dormitories (Department of Education) and the Provincial Government stores (near Game).

Detailed planning is already underway for these sites which the department is looking to develop in terms of a public private partnership.

Due to the rapid growth occurring in the city, it has become necessary to decentralise some business activities away from the CBD. One decentralisation point is the Garden Route Mall/Destiny Africa regional node around the N2/Knysna Road intersection to the east of the city. Another is the proposed Gwaiing Eco-District regional node located around the still to be built Southern Arterial/N2 intersection. These developments will be phased over the next 20 to 30 year time period. Smaller economic nodes are being developed in Blanco and Heather Park to the north of the city.

Creating accessible economic, social and housing opportunities for the poorer communities of George, it is imperative for the department. One of the main goals of the George SDF is to address the breaking down of the physical barriers created by the inappropriate planning practices of the past so as to enable promotion of social, racial, economic and spatial integration of our urban areas.

This will be done through:

- the establishment of vehicular and pedestrian links between the existing dormitory townships (Pacaltsdorp, Thembalethu, Blanco) and the urban core of the city - making provision for new and upgrading existing routes;
- the facilitation of the George Mobility Strategy to allow for the establishment of an integrated public and non-motorised transport and pedestrian network that links the various parts of the city;
- the identification of small business, large scale commercial and industrial opportunities within or in close proximity to existing dormitory and intervention areas;
- the identification of potential sites for community facilities including schools, universities, churches, day clinics and hospitals, sports and recreation facilities, etc.

It is envisaged that the Department intends to undertake during this 2008/2009 financial year, a detailed study to transform the Thembalethu and George South East areas, which have extremely high population densities (180p/ha) but a very low standard of living, into sustainable and integrated human settlements. (R 300,000 allocated).

The outcomes of the study will allow the municipality to incrementally develop a more sustainable human-friendly living environment for the residents as well as improve socio-economic conditions through:

- human (job creation, skills upliftment) and social capital (schools, creches, community facilities, sport and recreation facilities), investment in conjunction with the various spheres of government and the private sector;
- The provision of safe and secure economic/gap housing and a retirement village;
- the provision of an integrated and sustainable linked open space network;
- the linking of the integrated public and nonmotorised transport and pedestrian networks with future business and industrial centres, small scale business opportunities for the local residents (LED projects, open market stalls, mini industrial parks, mini shops), women and youth group projects, community facility projects (crèches, youth development centers', adult training centers', cultural heritage projects and possible municipal/government department offices;
- the alignment of departmental budgets to undertake the enormous task.

Due to budgetary constraints it is envisaged that similar studies will be undertaken for the Blanco and Pacaltsdorp areas during 2009/2010 financial year. Other intervention areas to be addressed in this financial year is the provision of land for the sustainable development of integrated, low, gap, economic and middle income housing to not only meet the existing and projected

housing backlog but also housing opportunities for municipal staff (approximately 300 plus, looking for housing).

To this extent the department will be undertaking a comprehensive land audit to identify all land in the George area (public and private) that can be developed for such purposes as a basis for a revised long term housing plan. In the interim the department is making available the existing serviced sites in Dellville Park and Lavalia to address short term housing needs.

The department has earmarked a number of municipality and state owned sites within the existing urban edge for integrated human settlement developments. These include:

- Golden Valley extension in Blanco (to be developed in terms of a public private partnership agreement);
- Erf 464 between Rooirivier sport fields and the Kat River (pending public private partnership agreement);
- Groeneweide Park Extension (pending private partnership agreement);
- George Riding Club (tender or PPP);
- George Dam (PPP);
- Remainder Erf 325, Pacaltsdorp and Erf 323, Pacaltsdorp (in conjunction with Gwaing Eco-District project); and
- the realignment of the Dellville Park expansion area to incorporate a retirement village, town housing, gap housing, apartment blocks (tender and PPP).

Each of the above developments will have strong links or be highly accessible to industrial, commercial, small business and institutional opportunities, public transport routes, education facilities, community and sport facilities and an integrated public open space network to allow for sustainable living environments. The departmental budgets will be coordinated with the role-out of these developments over the next 2 to 5 years. Please note that due to budgetary constraints, the department intends to invite proposals for PPP's on most of these developments.

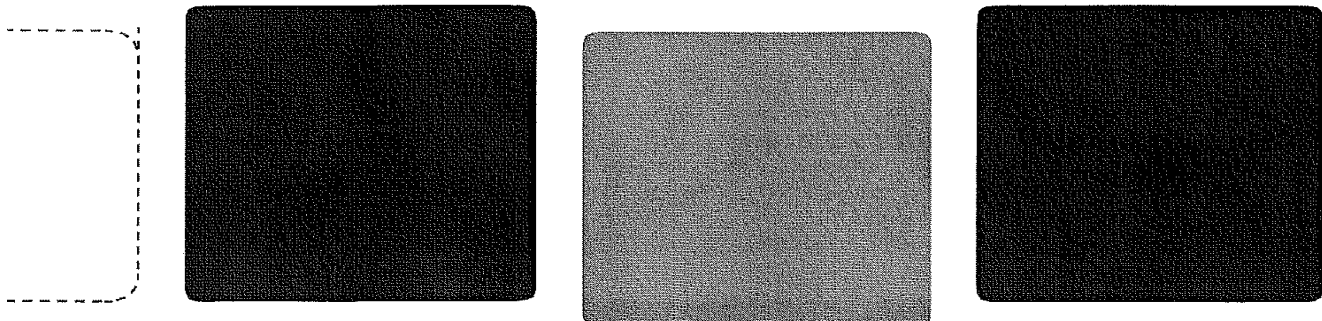
Our Spatial Development Framework

A further intervention to be addressed in this financial year is the identification of a university/technical site and attracting a potential occupant - South Africa or abroad. The lack of skills development and post high school qualification was identified as a specific shortfall that impedes the development of the George area. Most of the technical skills (human resources) are required to grow the city into an economically and physically hub which is acquired from other urban centers due to the lack of appropriate technical institutions.

Preliminary investigations indicate that Erf 323, Pacaltsdorp (60 ha Olympic School site) is available and has been incorporated into the Gwaing Eco-District expansion area for such purposes. Other smaller sites include a section of the Groeneweide Park extension and a section of the George Dam.

The George SDF makes provision for limited development (resorts, tourist accommodation and facilities, recreation facilities, in the surrounding rural areas but also looks to protect productive farmland and environmentally sensitive areas from unwarranted and unsustainable urban expansion and development.

The final study to be undertaken during this financial year is a heritage study for the George area. The study will identify sites as well as landmarks of heritage value as described in the South African National Heritage Resource Act, 1998. The aim of the study is to ensure that our remaining heritage resources are protected for future generations.



PERFORMANCE INDICATORS

Performance Indicators Civil and Technical Services Executive Councillor: P de Swardt Senior Manager: H Basson										
Performance Indicators - Civil and Technical services										
Vote	Performance Indicator	Target 2008/09	Quarterly Targets				Actual 30 Sep 08	Actual 31 Dec 08	Actual 31 Mar 09	Actual 30 Jun 09
Sewerage : Main Pipes & Pumpstations		Formal: 0 Informal : 111	Formal: 0 Informal : 111	Formal: 0 Informal : 111	Formal: 0 Informal : 111	Formal: 0 Informal : 111	350			
	Number of households using bucket system									
	Number of sewerage blockages	3500	975	875	875	775	1378	587	900	
	Number of new sewerage connections	220	55	55	55	55	48	5	9	
	Number of sewerage blockages cleared within 48 hours	98%	98%	98%	98%	98%	97%	98%	100%	
	Percentage of households with access to basic level of sewerage service	95%	95%	95%	95%	95%	95	98%	98%	

Performance Indicators - Civil and Technical services										
Vote	Performance Indicator	Target 2008/09	Quarterly Targets				Actual			
			30 Sep 08	31 Dec 08	31 Mar 09	30 Jun 09	30 Sep 08	31 Dec 08	31 Mar 09	Actual
Sewerage : Water Pollution Control	KL of sewerage purified	6,469,498	1,175,460	2,059,508	1,617,156	1,617,374	1,662,784	1,955,500	1,751,498	
	% of Sewerage purified to requirements of SANS	95%	50%	90%	90%	90%	90%	90%	95%	
Water	KPA - Percentage of households with access to basic level of water	95%	95%	95%	95%	95%	95%	95%	95%	
	Number of new water connections	500	100	150	100	150	194%	176	152	
	% of water losses through network	10%	10%	10%	10%	10%	2.84%	12.26%	10.39%	
	% of water losses through purification	10%	10%	10%	10%	10%	6%	6.43%	5.06%	
	% of pipe bursts repaired within 48 hours	98%	98%	98%	98%	98%	100%	100%	100%	
	KL of water purified	12 000 000	2720000	3180000	3180000	2920000	2737364	3237633	3383753	
	KL of water distributed	11 430 000	2600000	3040000	3040000	2750000	2661760		3032052	
	% of Water purified to meet SANS requirements	98%	98%	98%	98%	98%	98%	98%	98%	

Performance Indicators - Civil and Technical services										
Vote	Performance Indicator	Target 2008/09	Quarterly Targets				Actual			
			30 Sep 08	31 Dec 08	31 Mar 09	30 Jun 09	30 Sep 08	31 Dec 08	31 Mar 09	30 Jun 09
	% of pipe bursts repaired within 48 hours	98%	98%	98%	98%	98%	100%	100%	100%	
	Replacement of water meters	1200	300	300	300	300	295	255	329	
	Replacement of water mains	4800	1200	1200	1200	1200	820	?	2110	
Storm water	% of households with access to stormwater service	75%	75%	75%	75%	75%	75%	75%	75%	
	Integrated waste management plan									
	No of manholes cleared from debris	10%	10%	10%	10%	10%	15%	20%	20%	
Streets	Km of gravel streets upgraded to permanent surface	90%	90%	90%	90%	90%	90%		1.5km	
	Km of road rehabilitated to an acceptable level	5	1.25	1.25	1.25	1.25	2	0.6	0.5	
	Km of tarred roads resealed	7	6	6	6	6	7	10.5	20	
	KPA : % of Capital budget spent	100%	15%	30%	60%	100%	20%	80%	95%	

Performance Indicators - Civil and Technical services										
Vote	Performance Indicator	Target 2008/09	Quarterly Targets				Actual	Actual	Actual	Actual
			30 Sep 08	31 Dec 08	31 Mar 09	30 Jun 09				
Planning	% of Approved capital projects completed within time	85%	85%	85%	85%	85%	85%	100%		30 Jun 09
	% of council decisions applicable to directorate implemented	98%	98%	98%	98%	98%	98%	98%		
	% of land development applications commented on within 14 days	80%	80%	80%	80%	80%	95%	97%	98%	
	% of building plan applications commented on within 14 days	90%	90%	90%	90%	90%	95%	96%	97%	
	% of master plans approved: WSDP/Water & sewerage/ Roads master plan	100%	10%	30%	60%	100%	100%	100%	100%	

Performance Indicators Assistant Municipal Manger Executive Councilor: J Muller Senior Manager: J Van Schalkwyk (Acting)											
Performance Indicators - Assistant Municipal Manager											
Vote	Performance Indicator	Target 2008/09	Quarterly Targets				Actual	Actual	Actual	Actual	Actual
			30-Sep-08	31-Dec-08	31-Mar-09	30-Jun-09					
Sport and recreation	Develop sport club and facilities database	95	70	80	90	95	75	90	90	90	95
	Number of approved contracts with sport clubs	6	3	3	5	6	3	3	3	3	3
	% utilization of sport facilities	95%	90%	92%	95%	95%	95%	90%	90%	90%	90%
	Number % of sport clubs affiliated to sport council	6	3	3	6	6	3	3	3	3	3
	Number of municipal sport facilities disable friendly	7	3	3	6	7	3	3	3	3	3
	Sport Development Strategy										
IDP	% compliant with goals set in the IDP for the municipality	100%	25%	25%	25%	25%	25%	Completed	Completed	Completed	Completed

Performance Indicators - Assistant Municipal Manager									
Vote	Performance Indicator	Target 2008/09	Quarterly Targets				Actual		
			30-Sep-08	31-Dec-08	31-Mar-09	30-Jun-09	30-Sep-08	31-Dec-08	31-Mar-09
	Number of public participation meetings held	30	15	0	0	15	14	20	20 (Roadshows in May)
	IDP tabled at council	2			Draft (1)	Draft (1)	No	Only May 09	Only May 09
	IDP process plan	Yes					Yes	Completed	Completed
	Credible IDP	Yes					Yes	Only May 09	Only May 09
Performance Management	Performance Management System in place	System for Senior managers + Deputies	System for Senior managers + Deputies	System for Senior managers + Deputies	System for Senior managers + Deputies	System for Senior managers + Deputies	Framework for organisation completed. System for Senior Managers	Framework adopted by Council on 2nd December 2008	Electronic system in process of implementing for organisational PMS
	Communication plan and policy	Approved by Council 25 June 2008	In Place	In Place	In Place	In Place	In Place	In place	In place
Communication Intergovernmental Relations	Number of international interventions	4	1	1	1	1	0	0	0
	Establish functional sister city agreements	4	1	1	1	1	0	0	0
Local Government Relations	Delegations to visit selected Sister cities internationally	4	1	1	1	1	0	0	0
	Joint functions taken place	9	2	2	3	2	0	0	0

Performance Indicators - Assistant Municipal Manager									
Vote	Performance Indicator	Target 2008/09	Quarterly Targets			Actual			Actual
			30-Sep-08	31-Dec-08	31-Mar-09	30-Jun-08	30-Sep-08	31-Dec-08	
Local Economic Development	LED Charter	Quarterly review / Update			80%	100% Completed	Quarterly review / Update 10% (2nd quotation invited)	100 completed	100 completed
	LED Implementation plan	Revise / Update 01 July 2008	20%	45%	65%	100% Completed	Revise / Update 01 July 2008 10% (tender invited)	Revise / Update 01 July 2009 10% (tender invited)	100 completed
	LED strategy in place	Revise / Update 01 July 2008	15%	40%	65%	100% Completed	Revise / Update 01 July 2008 25% (Implementation Plan will guide possible revision of strategy)	Revise / Update January 2009 25% (Implementation Plan will guide possible revision of strategy)	Strategy completed but outdated. Must be revised.
	Establish LED forum	01-Jul-08	35%	50%	85%	100% Completed	01/07/2008 10% (list of possible stakeholders being compiled)	Quotations will be requested in March 2009 for establishment of LED	Once RED Door has opened its office in George (3rd quarter), this will be revisited
Tourism	Appropriate guidelines for public and private development and investment in place	01-Jul-08	30%	45%	70%	100% Completed	01/07/2008 10% (Specs for policy and advertisement being developed)	Quotations will be requested in Feb. 2009	Not continued due to staff changes
	Ensure economic development by collecting, maintaining and disseminating relevant statistics	01-Jul-08	25%	35%	60%	100% Completed		The establishment of resources centre will take places next year	Crafter & Artists database being compiled. Awaiting appointment of interns
	Facilitate tourism development by marketing and branding initiatives	30-Jun-09	Continuous	Continuous	Continuous	Continuous	30-Jun-09	Continuous	Continuous

Performance Indicators - Assistant Municipal Manager									
Vote	Performance Indicator	Target 2008/09	Quarterly Targets				Actual		
			30-Sep-08	31-Dec-08	31-Mar-09	30-Jun-09	30-Sep-08	31-Dec-08	31-Mar-09
	Develop relevant databases	30-Jun-09	15%	45%	65%	100% Completed	30-Jun-09	30-Jun-09	30-Jun-09
	Number of tourist marketing campaigns	24	6	5	6	7	24	None	1
	% increase in membership of tourism bureau	5%	5%	5%	5%	5%	5%	5%	5%
	Tourism Strategy	30/06/2009	60%	100% Completed	In place	In place	In place (Implementation will be continuous and according to IDP targets)	100% completed	Working document completed.
Website	Number of website hits	2400000	600000	600000	600000	600000	1,011,226	933,409	1,010,509
HIV / Aids	Number of special events organised	4	1	1	1	1	0	1	0
	Number of health awareness campaign held	6	2	1	2	1	213	1025	12
	Number of treatment and care projects	6	2	1	2	1	121	95	93
	Number of people counselled by HIV counsellors	As requested	As requested	As requested	As requested	As requested	As requested	19	706
Community Projects	Number of educational sessions held	100	25	25	25	25	42	14	26 (Youth) 23 (Social)
	Number of social programmes launched	10	3	2	2	3	2	12	1 (Youth) 29 (Social)
	Policy on vulnerable groups		Disability policy in place				Draft disability policy	Completed	Youth Policy Completed
	Soup Kitchens	90+ ready schools	90+ ready schools	90+ ready schools	90+ ready schools	90+ ready schools	195 in total	201	1 (Youth) 210 (Social)
	% Capital budget spent	100%	25%	25%	25%	25%	24%	61%	66%
									90%

Performance Indicators

Civil and Technical Services

Executive Councillor: P de Swardt

Senior Manager: H Basson

Performance Indicators - Civil and Technical services									
Vote	Performance Indicator	Target 2008/09	Quarterly Targets				Actual		
			30 Sep 08	31 Dec 08	31 Mar 09	30 Jun 09	30 Sep 08	31 Dec 08	31 Mar 09
Sewerage : Main Pipes & Pumpstations	Number of households using bucket system	Formal: 0 Informal : 111	Formal: 0 Informal : 111	Formal: 0 Informal : 111	Formal: 0 Informal : 111	Formal: 0 Informal : 111	350		
							1378	587	900
	Number of sewerage blockages	3500	975	875	875	775			1019
	Number of new sewerage connections	220	55	55	55	55	48	5	9
	Number of sewerage blockages cleared within 48 hours	98%	98%	98%	98%	98%	97%	98%	100%
	Percentage of households with access to basic level of sewerage service	95%	95%	95%	95%	95%	95	98%	98%

Performance Indicators - Civil and Technical services									
Vote	Performance Indicator	Target 2008/09	Quarterly Targets				Actual		
			30 Sep 08	31 Dec 08	31 Mar 09	30 Jun 09	30 Sep 08	31 Dec 08	31 Mar 09
Sewerage : Water Pollution Control	KL of sewerage purified	6,469,498	1,175,460	2,059,508	1,617,156	1,617,374	1,662,784	1,955,500	1,751,498
	% of Sewerage purified to requirements of SANS	95%	50%	90%	90%	90%	90%	90%	95%
Water	KPA - Percentage of households with access to basic level of water	95%	95%	95%	95%	95%	95%	95%	95%
	Number of new water connections	500	100	150	100	150	194	176	152
	% of water losses through network	10%	10%	10%	10%	10%	2.84%	12.26%	10.39%
	% of water losses through purification	10%	10%	10%	10%	10%	6%	6.43%	5.13%
	% of pipe bursts repaired within 48 hours	98%	98%	98%	98%	98%	100%	100%	100%
	KL of water purified	12 000 000	2720000	3180000	3180000	2920000	2737364	3237633	3383753
	KL of water distributed	11 430 000	2600000	3040000	3040000	2750000	2661760		3032052
	% of Water purified to meet SANS requirements	98%	98%	98%	98%	98%	98%	98%	98%

Performance Indicators - Civil and Technical services										
Vote	Performance Indicator	Target 2008/09	Quarterly Targets				Actual			
			30 Sep 08	31 Dec 08	31 Mar 09	30 Jun 09	30 Sep 08	31 Dec 08	31 Mar 09	30 Jun 09
	% of pipe bursts repaired within 48 hours	98%	98%	98%	98%	98%	100%	100%	100%	100%
	Replacement of water meters	1200	300	300	300	300	295	255	329	89
	Replacement of water mains	4800	1200	1200	1200	1200	820	600	2110	3400
Storm water	% of households with access to stormwater service	75%	75%	75%	75%	75%	75%	75%	75%	75%
	Integrated waste management plan									
	No of manholes cleared from debris	10%	10%	10%	10%	10%	15%	20%	20%	60%
Streets	Km of gravel streets upgraded to permanent surface	90%	90%	90%	90%	90%	90%	0	1.5km	3,7km
	Km of road rehabilitated to an acceptable level	5	1.25	1.25	1.25	1.25	2	0.6	0.5	0
	Km of tarred roads resealed	7	6	6	6	6	7	10.5	20	0
	KPA : % of Capital budget spent	100%	15%	30%	60%	100%	20%	80%	95%	100%

Performance Indicators - Civil and Technical services									
Vote	Performance Indicator	Target 2008/09	Quarterly Targets				Actual		
			30 Sep 08	31 Dec 08	31 Mar 09	30 Jun 09	30 Sep 08	31 Dec 08	31 Mar 09
Planning	% of Approved capital projects completed within time	85%	85%	85%	85%	85%	85%	100%	100%
	% of council decisions applicable to directorate implemented	98%	98%	98%	98%	98%	98%	98%	100%
	% of land development applications commented on within 14 days	80%	80%	80%	80%	80%	95%	97%	98%
	% of building plan applications commented on within 14 days	90%	90%	90%	90%	90%	95%	96%	98%
	% of master plans approved: WSDP/Water & sewerage/ Roads master plan	100%	10%	30%	60%	100%	100%	100%	100%

Performance Indicators
Planning and Housing
Executive Councillor: W Harris
Senior Manager: SB Erasmus

Performance Indicators - Planning & Housing											
Vote	Performance Indicator	Target 2008/09	Revised Target 2008/09	Revised Quarterly Targets				Actual	Actual	Actual	Actual
				30-Sep-08	30-Dec-08	31-Mar-09	30-Jun-09				
HOUSING	Construction of new houses: Number of new low cost housing units built	400	160	34	72	11	13	34	72	31-Dec-08	30-Jun-08
	Creches	450000	307000	0	0	57600	318400	1679	143400	569441	965416
	Upgrading (various areas)	400000	370000	0	90000	100000	180000	1679	95400	101224	79338
	Thembalethu	1500000	1300000	0	50000	476000	774000	0	48000	468317	416768
	Lawaakamp (replacement)	1200000	830000	0	0	0	1330000	0	0	0	499312
	Parkdene	1000000	1000000	0	0	0	500000	0	0	0	Removed
	KleinKrantz	400000	400000	0	0	0	400000	0	0	0	Removed
	Community Halls	3399999	0	0	250000	30000	2370000	4724	250000	32368	
	Lawaakamp (upgrading)	250000	390000	0	250000	30000	100000	4724	250000	32368	25125
	Proteapark	650000	600000	0	0	0	600000	0	0	0	Removed
	Parkdene	833333	833333	0	0	0	840000	0	0	0	Removed
	KleinKrantz	833333	0	0	0	0	0	0	0	0	Removed
	Thembalethu	833333	833333	0	0	0	830000	0	0	0	Removed
	Flood damage: Allocation received from Province	16500000	16114425	5000000	7400000	20000	3594425	5088797	7406768	23634	31795
	Provision of services: Townwarren (401) units	5,735,816		4,000,000	1,735,816	0	0	4,283,885	0	0	
	Provision of services: Erf 325 (904) units	17,340,459	0	7,000,000	0	4,893,617	5,458,842	7,471,710	0	0	
	To ensure quality houses: Quality control of houses constructed	1,800	480	102	216	33	39	106	253	54	

Performance Indicators - Planning & Housing										
Vene	Performance Indicator	Target 2008/09	Revised Target 2008/2009	Quarterly Targets				Actual		
				30-Sep-08	30-Dec-08	31-Mar-09	30-Jun-09	30-Sep-08	31-Dec-08	31-Dec-08
	Number of informal households rehoused in formal dwellings									30-Jun-08
	Backyard shacks	45	45	0	0	0	0	0	0	0
	Formal settlements (Serviced event)	355	160	34	72	11	13	34	72	18
	Number of community meetings held regarding housing projects	16	12	4	6	1	1	4	6	1
	Completed subsidy forms submitted to Province	600	160	30	72	20	8	45	40	24
	Completion of final delivery forms	400	160	30	72	18	13	34	72	18
	Site meetings (Top Structures)	27	24	8	5	2	9	8	5	2
	Project meetings	46	12	3	3	3	3	8	5	7
	Completion of Transfer Documentation (Documentation submitted to Deeds Office)	500	500	125	125	200	50	137	127	290
										272

Performance Indicators - Planning & Housing											
Vote	Performance Indicator	Target 2008/09	Revised Target 2008/2009	Revised Quarterly Targets				Actual			
				30-Sep-08	30-Dec-08	31-Mar-09	30-Jun-09	30-Sep-08	31-Dec-08	31-Dec-08	30-Jun-08
HOUSING continued...	Informal settlements: Site Visits										
	Hol spots	1750	1680	420	420	420	420	440	507	503	622
	Routine Inspections	1100	528	132	132	132	132	207	132	258	240
	Inspection of rudimentary services	1360	528	132	132	132	132	207	132	258	240
	Relevant policies to be compiled and implemented in a progressive way										
	Informal Settlement Master Plan	Approval by Council March 2009	Approval by Council June 2009	Internal workshop (including public)	Gather technical data	Finalization of draft	Item to Council for approval	Internal workshops took place	Council approval to take place in final quarter. Gathering of information in process.	Draft Finalized	Will be submitted together with Informal Settlement policy
	Informal Settlement Policy	Approval by Council March 2009	Approval by Council June 2009	Internal workshop & first draft revision	Policy alignment with Informal Settlement Master Plan	Prepare final draft	Council approval	Internal workshop and first draft revision in process	Council approval to take place in final quarter. Policy alignment	Final draft prepared	Sections of policy to be re drafted in line with proposed revision of legislation
	Allocation Policy	Approval by Council March 2009	Submitted to Council June 2009	Internal workshop & first draft revision	Hold Policy Revision sessions	Item to Committee		Internal workshop and first draft revision in process	Internal sessions held.	Item submitted to Council for information	-
	Housing Master Plan (Revision) - Subject to the availability of PGWC funding.	Approval by Council March 2009	Completion of first draft (consultants' PGWC)	Hold discussions with PGWC re Nomination on Mun. for BESP	BESP consultants to be appointed in collaboration with the various local authorities	Consultants input to BESP	Await interim report from consultants	Provincial Department of Housing appointed consultants to support 6 identified local authorities to revise the Housing Chapter and plans	Provincial Department of Housing appointed consultants to support 6 identified local authorities to revise the Housing Chapter and plans. First Steering Committee held.	2nd Steering Committee meeting with consultant book place 25 March 2009 (Cape Town)	Report Received

Performance Indicators : Planning & Housing											
Vote	Performance Indicator	Target 2009/09	Revised Target 2009/2009	Revised Quarterly Targets			Actual	Actual	Actual	Actual	
				30-Sep-08	31-Mar-09	30-Jun-09					
TOWN PLANNING, BUILDING CONTROL AND ENVIRONMENTAL MANAGEMENT.	Completion and Implementation of an Integrated Zoning Scheme By-Law for George (Town Planning)	Approval by PGWC by March 2009, Implementation by June 2009	In principle approval of Integrated Zoning Scheme By-law for George by Council	Obtain comments from PGWC	Process comments received from PGWC	Final update of comments received from PGWC	In principal approval of Integrated Zoning Scheme by Council	Submission of draft by - laws to Council delayed because of legal complications	Draft for IZS to be considered for public release received from consultants.	Final update of comments received from PGWC	Item submitted to Committee 23 June 2009
	Develop and Implement an Electronic (computerised) System for the Tracking of Town Planning, OSCA Permit and Building Plan Applications (Town Planning and Building Control) - co-ordinated by Town Planning)	Final version of tracking system in place and operational	Final version of tracking system in place and operational	Testing of tracker system held in abeyance pending the outcome of investigations	-	Role-out of tracking system to other departments	Updated version of tracking system in place and operational	Testing of tracker system held in abeyance pending the outcome of investigations	Development of project indefinitely on hold @ request of MM - (forensic audit). Project put on hold.	Project put on hold	
	Number of Land Use Applications Processed - Structure Plan Amendments, Rezoning, Subdivisions, Departures, etc (Town Planning)	To complete all land use applications within 6 months, excluding any periods that the application is for whatever valid reason held in abeyance.(240)	To complete all land use applications within 6 months, after the submission with at least 75% applications completed per month.	75%	75%	75%	75%	120	80%	92%	79%
	Completion of George Spatial Development Framework and the 8 Spatial Development Plans Specifically Identified Areas in George (Town Planning)	Approval of SDF and SDP's by PGWC. Initiation of specialist studies to obtain credible SDF.	Approval of SDF and SDP's by PGWC. Initiation of specialist studies to obtain credible SDF.	SDF's to be revised after appointment of BESG consultants by PGWC.	Revision of SDF	Final Draft SDF to be considered by Planning Department	SDF to Council for consideration	Approval of SDF and SDP's by PGWC was not granted. Initiation of specialist studies to obtain credible SDF did not materialise	Revision of SDF & SDP's completed and Final Draft ready for consideration.	Final Draft SDF considered by Planning Department	Item submitted to Committee 23 June 2009
	Completion of Urban Renewal Studies for Thembalethu, George South East, Pacaltsdorp and Blanco - based on the SDF and SDF guidelines (Town Planning)	Development of an urban renewal strategy for Thembalethu and George South East areas (subject to PGWC funding)	Development of an urban renewal strategy for Thembalethu and George South East areas (subject to PGWC funding)	Development of an urban renewal strategy for Thembalethu and George South East areas (subject to Council funding)	Draft SDF and workshop internally	Update and finalise Draft SDF.	Submit Draft SDF to Council for approval. Project put on hold (lack of funding)	Terms of reference developed. Re - advertisement due to poor public response with subsequent non appointment of consultant.	Can only be finalised following finalisation of SDF	Awaits SDP finalization by Planning Department	Item submitted to Committee 23 June 2009
	Percentage of Building Plans Completed in 8 weeks - Subject to the Necessary Land Use Applications Being Approved and Technical Information Being in Order (Building Control)	75% of all building plans received	75% of all building plans received	75%	75%	75%	75%	80%	68%	100%	100%

Performance Indicators - Planning & Housing										
Vote	Performance Indicator	Target 2008/09	Revised Target 2008/2009	Revised Quarterly Targets			Actual	Actual	Actual	Actual
				30-Sep-08	30-Dec-08	31-Mar-09				
TOWN PLANNING, BUILDING CONTROL AND ENVIRONMENTAL MANAGEMENT cont....	Ensure that All Structures within the George Area are Compliant with Relevant Building Standards (Building Control)	1200	Percentage of compliance with all required inspections during development of buildings	75%	75%	75%	147	88%	31-Dec-08	30-Jun-09
	Number of Illegal Structures Identified (Building Control)	600 (marked decrease in occurrences)	600 (marked decrease in occurrences)	75%	75%	75%	157	80%		75%
	Development of an Integrated Human Settlement Plan (AI Sections - Co-ordinated by Town Planning) (Subject to the availability of Provincial Funding)	To develop a realistic strategy based on the inputs resulting from the George SDF, Land Audit and PGWC - BESP.	To develop a realistic strategy based on the inputs resulting from the George SDF, Land Audit and PGWC - BESP.	Present Housing Plan and SDF to PGWC for consideration.	Development of a terms of reference in conjunction with PGWC, BESP. Appointment of appropriate consultant	Consultant commence with process.	Process ongoing	Terms of reference drafted & consultant appointed.	Consultants commenced with process (1st draft)	Process ongoing
	Relevant Council Policies and By-Laws to be Compiled and Implemented in a Progressive Way (Town Planning, Environmental Management and Building Control)	2	2	Background investigation in process. Study new legislation.	Final Draft Policy to be finalised.	Internal workshop in process	Appointment of consultant to review new legislative requirements	Background investigation in process. Revision of first draft in process. Public participation process to follow in 2nd quarter	Final Draft Policy prepared and workshoped within department. To be circulated to other departments in 3rd quarter.	Reviewed document submitted to housing and land affairs committee to allow for public participation process 23/06/2009
Assisting Other Municipal Departments/Sections with their Environmental Applications (Environmental Management)		8	8	Background investigation in process	Preparation of Final Draft Policy.	Internal workshop in process	Appointment of consultant to review new legislative requirements	Background investigation in process. Revise House Shop policy to be submitted to Housing and Land Affairs Committee after background investigation is finalised.	Background investigation completed. Final Draft Policy prepared and distributed internally. To be circulated to other departments in 3rd quarter.	Reviewed document submitted to housing and land affairs committee to allow for public participation process 23/06/2009
		1	1	Investigation into Development of Environmental Management System (2)	Terms of reference and tender advertised for development of EMS	Obtain DEAT findings	Project put on hold	3	2	Project put on hold
	Erf 8674 (Rosemoor) 8 to 10 erven	1	1	-	-	Completion of EIA process		1	Ongoing of EIA process	Ongoing process
	Erf 2843 (Thembalethu) 8 erven	1	1	-	-	-		1	Commencement of EIA process January - March	Ongoing of EIA process
	Portion 3 of 216 (Blanco) 150 erven	1	1	-	-	Ongoing of EIA process	Completion of EIA process	1	Completion of EIA process	Ongoing process

Performance Indicators: Planning & Housing										
Vote	Performance Indicator	Target 2008/09	Revised Target 2008/2009	Revised Quarterly Targets				Actual		Actual
				30-Sep-08	30-Dec-08	31-Mar-09	30-Jun-09	30-Sep-09	31-Dec-09	
	Erf 1142/1 (Partdene)	1	-		-	Completion of EIA process		1	EIA process commenced in 1st Quarter (July - Sept)	Completion of EIA process
	Erf 325 (Pacalastorp) Stadium Portion	1	-		-		Commencement of EIA process		Commencement of EIA process January - March	Commencement of EIA process
	Number of OSCA Permits Issued (Environmental Management)	40	80%	80%	80%	80%	80%	8	8	100%
	Number of Community and Consultants Meetings Attended (All sections)	24	24	0	-	8	8	3	6	10

Performance Indicators: Planning & Housing											
Vote	Performance Indicator	Target 2008/09	Revised Target 2008/2009	Revised Quarterly Targets			Actual	Actual	Actual	Actual	Actual
PROPERTIES	Initiating and Co-ordinating the Development of New Industrial and Residential Townships	George Dam ± 900 units and waterfront	George Dam ± 900 units and waterfront	30-Sep-08	30-Dec-08	30-Jun-09	30-Sep-08	31-Dec-08	31-Dec-08	30-Jun-08	
	Ensure that the Alienation and Letting of Properties are Handled Effectively and Efficiently	75% of all applications completed in stipulated time frame	-	75%	75%	75%	EIA Process & Structure Plan Amendment applications not approved by PGWC	Awaiting approval from PGWC to Land Use Planning Ordinance and EIA.	Awaits PGWC approval	ROD outstanding (subject to PGWC approval)	
	Managing Property Leases	95	-	80%	80%	80%	75%	30	75%	80%	
	• Invite Tenders (9) 1. Industrial/Other	1. Tamsui (13)	Tamsui (13)	Draft tender documents and advertising	Bid Evaluation and Bid Adjudication process	Commence with implementation of tender outcome.	Finalize implementation process.	1	Dec 2008. Recommendations to Accounting Officer for final approval	Implementation of tender outcome in process	Implementation finalised
		1. Industrial even 42 Pacaltsdorp	Industrial even 42 Pacaltsdorp	Draft tender documents and advertising	Bid Evaluation and Bid Adjudication process	Commence with implementation of tender outcome.	Finalize implementation process.	1	Dec 2008. Recommendations to Accounting Officer for final approval	Implementation of tender outcome in process	Implementation finalised
		1. Gwayang Eco District	-	-	KPI TO BE REMOVED			-	-	-	-
		1. Glenwood 1 erf	Glenwood 1 erf	Draft tender conditions/ documentation	Circulate tender conditions to internal departments. Call for tenders	Bid Evaluation and Bid Adjudication process	Commence with implementation of tender outcome.	-	Tenders to Bid Adjudication in Feb 09	Bid Evaluation and Bid Adjudication process took place	Tender documents referred to attorneys for drafting of tender documents
		1. Multipurpose Centre (Thembalethu) 41 even	Multipurpose Centre (Thembalethu) 41 even	Council approval	Draft tender documents	Refer tender documentation to attorneys	Item to Council for approval of tender conditions.	Preparation of tender conditions/documentation	Drafting of tender documents in process	Tender documents referred to attorneys for drafting of tender documents	Tender documents referred to attorneys for drafting of tender documents
		2. George Riding Club	-	-	KPI to be removed			-	-	-	-
		2. Delville Park (65)	Delville Park (65)	Draft tender documents and advertising	Bid Evaluation and Bid Adjudication process	Commence with implementation of tender outcome.	Finalize implementation process.	1	Recommendations to Accounting for final approval	Implementation of tender outcome in process	Item submitted to council
		2. Lavalla (43)	Lavalla (43)	Draft tender documents and advertising	Bid Evaluation and Bid Adjudication process	Commence with implementation of tender outcome.	Finalize implementation process.	1	Recommendations to Accounting for final approval	Implementation of tender outcome in process	Item submitted to council
		2. Game 7 even	Game 7 even	Investigate feasibility and terms of reference	Item to Council	Evaluation and Adjudication of development proposals.	Item referred back to Council. Ask for Development Proposals	-	Item referred back to Council. Ask for Development Proposals	Item submitted to Committee	Item submitted to council
		Midblock Parking : Cathedral Square (PMD)	Midblock Parking : Cathedral Square (PMD)	Finalise registering of servitude	Deed of Servitude agreement (PGWC)	Registering of servitude (subject to PGWC APPROVAL)	servitude not registered (Still awaits State Attorney approval)	Two of the 3 portions over which the servitude must be registered vests in the name of PGWC. Currently we awaits for the latter to take place. Delayed in State Attorney's office.	Awaits Deed of Servitude agreement (PGWC)	Awaits signed agreement from PGWC	Complete
	Ensure that the Acquisition of Properties are Handled Effectively and Efficiently	CSB; Nedbank	CSB; Nedbank	Finalise acquisition	Complete	Complete	Acquisition finalised	Complete	Complete	Complete	

Performance Indicators - Planning & Housing											
Vote	Performance Indicator	Target 2009/09	Revised Target 2009/2009	Revised Quarterly Targets				Actual			
				30-Sep-08	30-Dec-08	31-Mar-09	30-Jun-09	30-Sep-08	31-Dec-08	31-Dec-08	30-Jun-08
	Provision of Affordable Housing Projects	Groeneweide Park	Groeneweide Park	EIA in process	Awaiting EIA approval.	EIA DEADP	Tender process	EIA in process	EIA process stopped by DEADP	Awaits EIA DEADP approval	Ongoing
	Ensure that Routine Enquiries from Potential Business and/or Industrial Owners/ Developers and the Public are Handled Satisfactorily	75% of all routine queries handled within 5 working days and resolved within 1 month.	-	-	75%	75%	75%	75%	75%	75%	

Performance Indicators
Financial Services
Executive Councillor: JS Alberts
Senior Manager: L H Fourie

Performance Indicators - Financial Services										
Vote	Performance Indicator	Target 2008/09	Quarterly Targets				Actual			
			30 Sep 08	31 Dec 08	31 Mar 09	30 Jun 09	30 Sep 08	31 Dec 08	31 Mar 09	30 Jun 09
	KPA - Percentage of capital budget actually spent on capital projects.	100%	26%	52%	78%	100%	15%	18%	75%	78%
	Daily Receipts	100%	100%	100%	100%	100%	100%	100%	100%	100%
	Daily Banking	100%	100%	100%	100%	100%	100%	100%	100%	100%
	Billing prior to last working day of month	100%	100%	100%	100%	100%	100%	100%	100%	100%
	Billing rate	100%	100%	100%	100%	100%	100%	100%	100%	100%
	Owner Property Updated	95%	95%	95%	95%	95%	100%	100%	100%	100%
	Correctness of billing	95%	95%	95%	95%	95%	95%	95%	95%	95%
	Accurate Meter readings	98%	98%	98%	98%	98%	92%	95%	95%	95%

Performance Indicators - Financial Services									
Vote	Performance Indicator	Target 2008/09	Quarterly Targets				Actual		
			30 Sep 08	31 Dec 08	31 Mar 09	30 Jun 09	30 Sep 08	31 Dec 08	31 Mar 09
	Credit Control: Referral to Engineers	100%	100%	100%	100%	100%	100%	100%	100%
	Handing-over of Debtors	100%	100%	100%	100%	100%	100%	100%	100%
	Credit Control: Trend	98%	98%	98%	98%	98%	98%	98%	98%
Creditors	Payment of Creditors within 30 days	100%	100%	100%	100%	100%	100%	100%	100%
	Sound, authorised expenditure	100%	100%	100%	100%	100%	100%	100%	100%
Salaries	Payment of Salaries	100%	100%	100%	100%	100%	100%	100%	100%
	Salary Related Deductions	100%	100%	100%	100%	100%	100%	100%	100%
Equity	The number of people from employment equity target groups employed in compliance with the approved employment	100%	100%	100%	100%	100%	100%	100%	100%

Performance Indicators - Financial Services										
Vote	Performance Indicator	Target 2008/09	Quarterly Targets				Actual			
			30 Sep 08	31 Dec 08	31 Mar 09	30 Jun 09	30 Sep 08	31 Dec 08	31 Mar 09	30 Jun 09
	Balancing General Ledger	Monthly	3	3	3	3	3	3	3	3
	Bank Reconciliation	Monthly	3	3	3	3	3	3	3	3
	Treasury Reports	Monthly	3	3	3	3	3	3	3	3
	Quarterly Reports	Quarterly	1	1	1	1	1	1	1	1
	Performance Evaluation	Annually			1		-	-	-	-

Performance Indicators - Financial Services									
Vote	Performance Indicator	Target 2008/09	Quarterly Targets				Actual		
			30 Sep 08	31 Dec 08	31 Mar 09	30 Jun 09	30 Sep 08	31 Dec 08	31 Mar 09
	Annual report of Department	Annually			1		-	-	1%
Valuations	Ad-hoc valuations	100%	100%	100%	100%	100%	100%	100%	100%
	Interim Valuations	Quarterly	1	1	1	1	0	0	0
Insurance	Risk Management: Insurance claims	Quarterly	1	1	1	1	1	0	0
	Risk assessment and Risk policy	Quarterly	1	1	1	1	1	0	0
Supply Chain Management	Reporting	Quarterly	1	1	1	1	1	0	0
Financial Statements	Financial Statements	Annually	1				0	-	-

Performance Indicators - Financial Services									
Vote	Performance Indicator	Target 2008/09	Quarterly Targets				Actual		
			30 Sep 08	31 Dec 08	31 Mar 09	30 Jun 09	30 Sep 08	31 Dec 08	31 Mar 09
	Cash management and investment policy	Annually						-	-
Asset Management	Updating asset register: purchases	100%	100%	100%	100%	100%	100%	100%	100%
	Asset Management: Depreciation	Monthly	3	3	3	3	0	3	3
	BUDGETING								
	Budget								
	Tabled Budget	31-Mar			1			-	1
	Approved Budget	30-May				1		-	-
									1

Performance Indicators Environmental Affairs Executive Councillor: PJ Grobler Senior Manager: A J Smith												
Performance Indicators - Environmental Affairs												
Vote	Performance Indicator	Target 2008/09	Quarterly Target				Actual	Actual	Actual	Actual	Actual	Actual
			30-Sep-08	31-Dec-08	31-Mar-09	30-Jun-09						
Environmental Health	Number of complaints received	600	150	150	150	150	221	94	107	53		
	Percentage of complaints addressed	85%	21%	21%	21%	21%	100%	100%	100%	100%		
	Number of environmental health informations sessions held	10	2.5	2.5	2.5	2.5	2	0	2	1		
	Number of routine inspections carried out	120%	30%	30%	30%	30%	45%	118%	255%	117%		
Public Toilets	Public toilets per 10 000 population	0.6	0.15	0.15	0.15	0.15	0.6	0.6	0.6	0.6		
	Number of person hours spend on cleaning public toilets	72000	18000	18000	18000	18000	7080	7080	7080	7080		
Cemeteries	Weed Control	600	150	150	150	150	150	150	150	150		
	Cubic meter wood harvested	0	0	0	0	0	0	0	0	0		
Beach Areas	Number of person hours spend on cleaning of beaches	7600	1900	1900	1900	1900	1920	1920	1920	1920		
	Number of overnight stays at Herolds Bay camp site	1400	350	350	350	350	7	804	531	74		
Parks	Hectares of alien vegetation cleared	50	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5		
	Hectares of grass cut/ month	5800	1450	1450	1450	1450	1450	1450	1450	1450		
	Number of trees planted	2000	1000	1000	1000	1000	1000	1000	1000	1000		
	Number of trees pruned	5000	1250	1250	1250	1250	900	900	900	900		

Performance Indicators - Environmental Affairs										
Vote	Performance Indicator	Target 2008/09	Quarterly Target				Actual	Actual	Actual	Actual
			30-Sep-08	31-Dec-08	31-Mar-09	30-Jun-09				
Waste management	% of total waste collected recycled	6%	1.5%	1.5%	1.5%	1.5%	6.0%	6.0%	6.0%	6.0%
	Tons of household refuse collected	31000	7750	7750	7750	7750	8820	8055	8058	8102
	KPA - Percentage of households with access to basic level of solid waste removal	95%	25%	25%	25%	20%	95%	95%	95%	95%
	% of households with weekly refuse collection service	95%	25%	25%	25%	20%	95%	95%	95%	95%
Waste management	Number of person hours spend cleaning streets	240000	60000	60000	60000	60000	60000	6000	60000	60 000
Management	KPA - % of Capital budget spent	90%	25%	25%	25%	20%	4.6%	34%	62%	94.7%
	KPA - The number of people from employment equity target groups employed in compliance with the approved employment equity plan	90%	25%	25%	25%	20%	90%	90%	90%	90%
	Number of municipal buildings disability friendly	5	1	1	1	2	1	1	1	3
	Number of new appointees inline with employment equity plan	90%	25%	25%	25%	20%	90%	90%	90%	90%

Vote	Performance Indicator	Quarterly Targets				Actual			
		30-Sep-08	31-Dec-08	31-Mar-09	30-Jun-09	31-Dec-08	31-Mar-09	30-Jun-09	31-Mar-09
Sport and recreation									
	Develop sport club and facilities database	70	80	90	95	75	90	90	90
	Number of approved contracts with sport clubs	3	3	5	6	3	3	3	3
	% utilization of sport facilities	90%	92%	95%	95%	95%	90%	90%	90%
	Number % of sport clubs affiliated to sport council	3	3	6	6	3	3	3	6
									3
	Number of municipal sport facilities disable friendly	3	3	6	7	3	3	3	3
Sport Development Strategy									
									1

Performance Indicators													
Municipal Manager: CM Africa													
Performance Indicators - Municipal Manager													
Vote	Performance Indicator	Target 2008/09	Quarterly Targets				Actual 30-Sep-08	Actual 31-Dec-08	Actual 31-Mar-09	Actual 30-Jun-09	Actual 31-Dec-08	Actual 31-Mar-09	Actual 30-Jun-09
			30-Sep-08	31-Dec-08	31-Mar-09	30-Jun-09							
Strategic Capability & Leadership	Implementation of Council decisions applicable to department	100%	25%	25%	25%	25%	25% Thus 100% reached for the first quarter	25% Thus 100% reached for the second quarter	25% Thus 100% reached for the third quarter	25% Thus 100% reached for the fourth quarter			
Financial Management	% of Capital budget spent	90%	15%	15%	30%	30%	14%	35%	54%	99.5%			
	Over expenditure on operational budget	0%	0%	0%	0%	0%	0%	0%	0%	0%			
	Unresolved audit queries	0%	0%	0%	0%	0%	0%	0%	0%	0%			
	Section 71 Budget monitoring report submitted to Mayor 10 working days after end of each month	12	3	3	3	3	3	3	3	3			
	Compliance with MFMA Reporting requirements	100%											
People Management & Empowerment	Number of people from employment equity target groups employed in compliance with the approved EE plan	100%	100%	100%	100%	100%	100%	100%	100%	100%			

Performance Indicators - Municipal Manager									
Vote	Performance Indicator	Target 2008/09	Quarterly Targets				Actual		
			30-Sep-08	31-Dec-08	31-Mar-09	30-Jun-09	30-Sep-08	31-Dec-08	31-Mar-09
	Staff discipline - Investigations and hearings completed successfully	32/40 80%	8/10 20%	8/10 20%	8/10 20%	8/10 20%	8/10 20%	8/10 20%	One outstanding
	Skills training - % of targeted staff trained as % of planned training	100%	100%	100%	100%	100%	100%	100%	100%
Client Orientation & Customer Care	Number of information articles in George Focus or local press to introduce services or communicate contact number of complaints	48	12	12	12	12	12	12	All tenders, job adverts and IDP meetings
	No of public participation opportunities attended by staff members as % of planned sessions	100% (48)	25% (12)	25% (12)	25% (12)	25% (12)	25% (12)	25% (12)	1
	Complaints resolved - Nr of complaints actioned within 10 days as % of total nr received	36/40 90%	9/10 22.5%	9/10 22.5%	9/10 22.5%	9/10 22.5%	9/10 22.5%	8/10	100%
	Attendance of meetings convened by National and provincial Government and District Municipality requiring attendance of MM	100%	100%	100%	100%	100%	75% Permission granted/refused by Executive Mayor	50% Permission granted/refused by Executive Mayor	100% Dependant on the approval of the Executive Mayor
Performance of Senior Managers	Performance of senior managers reporting to Municipal Manager	32	8	8	8	8	8	7	6 (2 vacant)
Own Key Performance Areas	No of management meetings per month	60	18	12	14	16	22	16	25 (including budget meetings etc)

Performance Indicators
Community Safety
Executive Councillor: R W Londt
Senior Manager: D Beeka

0

Performance Indicators - Community Safety									
Vote	Performance Indicator	Target 2008/09	Quarterly Targets				Actual	Actual	Actual
			30-Sep-08	31-Dec-08	31-Mar-09	30-Jun-08			
Public safety	Number of fires attended spend on fires	360	90	90	90	90	68	125	175
	Average reaction time attending to fires- urban Average reaction time attending to fires - rural	8-9 minutes / 20 minutes	8-9 minutes / 20 minutes	8-9 minutes / 20 minutes	8-9 minutes / 20 minutes	8-9 minutes / 20 minutes	7-8 minutes / 18 minutes	8 min 17 min	8 min
	Number of fire prevention inspections conducted	350	88	88	88	88	31	102	53
	Training of staff in fire fighting	16	4	4	4	4	7	5	6
	Number of road traffic accidents (deaths/major/minor)	800	200	200	200	200	136	38	26
	Number of moving violations	24000	6000	6000	6000	6000	14820	18 925	6254
	Number of taxi violations	600	150	150	150	150	124	181	113
	Number of defects on vehicles	800	200	200	200	200	234	267	60
	Number of road safety educational events held	10	2	3	2	3	5	4	2
	Number of arrests	400	100	100	100	100	30	44	16
	Number of prosecutions of owners of stray animals	20	5	5	5	5	6	0	0
	Number of animals impounded	100	25	25	25	25	22	1	58
	Disaster management plan in place Revision of disaster management plan	On way to council					100% Complete		100% Complete

Performance Indicators - Community Safety										
Performance Indicator			Quarterly Targets				Actual			
Vote	Performance Indicator	Target 2008/09	30-Sep-08	31-Dec-08	31-Mar-09	30-Jun-08	Actual 30-Sep-08	Actual 31-Dec-08	Actual 31-Mar-09	Actual 30-Jun-08
	Number of by-law offences	1000	250	250	250	250	7468	278 / 14	572 / 37	227/6
Road transport	Number of applicants tested for drivers licence	12800	3200	3200	3200	3200	2231	1764	1004	3616
	Number of applicants tested for learner drivers licence									
	Number of driver licences renewals	14000	3500	3500	3500	3500	2117	1312	1686	1465
	Number of vehicle registrations processed	61000	15250	15250	15250	15250	18047	5188	5467	20423
	Number of vehicles tested	1800	450	450	450	450	522	405	492	497
	Increase in LEO's who meet legislative requirements	16	4	4	4	4	25	5	2	2
	Formalise hawking in townships	10	2	3	2	3	2	0	0	0
	Risk analysis and security plan completed	Completed						In process	completed	completed
	Evacuation exercises	10	2	3	2	3	1	0	1	1

Performance Indicators Corporate Services Executive Councillor: J Jones Senior Manager: T Roodman Senior Manager: C Hamse											
Performance Indicators - Corporate Services											
Vote	Performance Indicator	Target 2008/09	Quarterly Targets				Actual	Actual	Actual	Actual	Actual
			30 Sep 08	31 Dec 08	31 Mar 09	30 Jun 09					
Customer Services	Number of public participation meetings held	4	1	1	1	1	33	3		24	30 Jun 09
	Number of ward committee meetings attended by area managers	0	0	5	5	5	20	38		24	18
Community and social services	Number of visits to area managers	500	500	500	500		2141	1992		1876	2037
	% Utilization of community halls - private Utilization of community halls - official	40% 60%	40% 60%	40% 60%	40% 60%	40% 60%	40% 60%	40% 60%		40% 60%	40% 60%
Customer care	Number of visits to outside senlra	2000	500	500	500	500	2141	1992		1876	2037

Performance Indicators - Corporate Services									
Vote	Performance Indicator	Target 2008/09	Quarterly Targets				Actual		
			30 Sep 08	31 Dec 08	31 Mar 09	30 Jun 09	30 Sep 08	31 Dec 08	31 Mar 09
Literacy Programme	Number of participants on literacy programmes	80	80	80	80	80	47	47	134
									57
Human Resources	Number of work related accidents reported	100%	100%	100%	100%	100%	100%	100%	100%
	Skills levies	100%	100%	100%	100%	100%	100%	100%	4%
	Quality of training	100%	100%	100%	100%	100%	100%	100%	100%
	To provide occupational health and safety service to line directorates	100%	100%	100%	100%	100%	100%	100%	100%

Performance Indicators - Corporate Services										
Vote	Performance Indicator	Target 2008/09	Quarterly Targets				Actual			
			30 Sep 08	31 Dec 08	31 Mar 09	30 Jun 09	30 Sep 08	31 Dec 08	31 Mar 09	30 Jun 09
	Sound & effective labour relations policies and practices established	100%	100%	100%	100%	100%	100%	100%	100%	100%
	Employee Assistance Programme (EAP)	100%	100%	100%	100%	100%	100%	100%	100%	100%
	Employment Equity Process	100%	100%	100%	100%	100%	100%	100%	100%	100%
	Recruitment and selection of staff for budgeted vacancies	90%	90%	90%	90%	90%	90%	90%	90%	90%
	Leave register updated on a monthly basis	12	3	3	3	3	3	3	3	3
	KPA - Percentage of budget actually spent on implementing workplace skills plan	80% - 100%	80% - 100%	80% - 100%	80% - 100%	80% - 100%	22%	49%	67%	100%

Performance Indicators - Corporate Services									
Vote	Performance Indicator	Target 2008/09	Quarterly Targets				Actual		
			30 Sep 08	31 Dec 08	31 Mar 09	30 Jun 09	30 Sep 08	31 Dec 08	
	KPA - The number of people from employment equity target groups employed in compliance with the approved employment equity plan	80%	80%	80%	80%	80%	80%	92%	50%
Information Technology	Downtime	< 5%	< 5%	< 5%	< 5%	< 5%	1.92%	2.53%	0.00%
	Response time	90%	90%	90%	90%	90%	100%	100%	100%
Community Halls	Evaluation system for users of halls	100%	100%	100%	100%	100%	100%	100%	100%
Registry	Collaborator Functional	100%	100%	100%	100%	100%	100%	100%	100%
	Response to enquiries with no legal and financial implications	80%	80%	80%	80%	80%	80%	80%	80%

Performance Indicators - Corporate Services										
Vote	Performance Indicator	Target 2008/09	Quarterly Targets				Actual	Actual	Actual	Actual
			30 Sep 08	31 Dec 08	31 Mar 09	30 Jun 09				
	Application in terms of Promotion of access to Information act	90%	90%	90%	90%	90%	90%	90%	90%	90%
Committee Services	Timeous compilation of agendas	98%	98%	98%	98%	98%	98%	98%	98%	98%
	Timeous compilation of departmental instructions following meetings	98%	98%	98%	98%	98%	98%	98%	98%	98%
	Timeous compilation of resolutions	98%	98%	98%	98%	98%	98%	98%	98%	98%
	Timeous compilation of advertisements pertaining to meetings	90%	90%	90%	90%	90%	90%	90%	90%	90%
Libraries	Number of items borrowed from libraries	680500	650000	160000	160000	160000	171556	167 509	184 131	183 194
	Number of members of libraries	36 200	36 000	36 000	36 000	36 000	37 718	34 474	35 115	35 425
	% membership increase (Youth / adults)	0.5%	0.5%	0.5%	0.5%	0.5%	0.4%	0.1%	1.8%	0.87%
	Aerial uitreikings per personeelid	25000	25000	25000	25000	25000	7148	5583	6349	6 317
	Number of events held by libraries	40	10	10	10	10	12	15	23	11

Performance Indicators
Electrotechnical Services
Executive Councillor: CM Remas
Senior Manager: K Grunewald

Performance Indicators - Electrotechnical Services										
Vote	Performance Indicator	Target 2008/09	Quarterly Targets				Actual	Actual	Actual	Actual
			30-Sep-08	31-Dec-08	31-Mar-09	30-Jun-09				
Admin	% of capital budget spent	80% - 100%	80% - 100%	80% - 100%	80% - 100%	80% - 100%	4%	18.55%	40.80%	100.81%
	Operational expenses per unit of electricity sold	<33.9 c/kWh	34c	34c	34c	34c	34c	34x	34c	34C
	Electricity master plans updated and aligned with budget and IDP	90%- 100%	90%- 100%	90%- 100%	90%- 100%	90%- 100%	90%- 100%	90%- 100%	90%- 100%	90-100%
	3 year capital budget aligned with master plans and IDP to address immediate needs	90%- 100%	90%- 100%	90%- 100%	90%- 100%	90%- 100%	90%- 100%	90%- 100%	90%- 100%	90-100%
	KPA - Interventions to address the skills shortage to enable compliance with the approved employment equity plan	70%	70%	70%	70%	70%	70%	70%	70%	70%
	Staff complement	70% 150	70% 37.50	70% 37.50	70% 37.50	70% 37.50	70% 37.50	70% 37.50	70% 37.50	70% 37.5
	Quality of Supply	90%	90%	90%	90%	90%	90%	90%	90%	90%
	Affordable, effective and efficient administration	90%	90%	90%	90%	90%	90%	90%	90%	90%

Performance Indicators - Electrotechnical Services									
Vote	Performance Indicator	Target 2008/09	Quarterly Targets				30-Sep-08	31-Dec-08	30-Jun-09
			30-Sep-08	31-Dec-08	31-Mar-09	30-Jun-09			
Distribution	KPA - Percentage of households with access to basic level of electricity (subject to availability of funds)	100%	100%	100%	100%	100%	100%	100%	100%
	Quality of service	90%	90%	90%	90%	90%	90%	90%	90%
	Quality of supply	90%	90%	90%	90%	90%	90%	90%	90%
Electrification	Number of new electricity connections (subject to availability of funds)	100%	100%	100%	100%	100%	100%	100%	100%
	Preventative maintenance programmes in place and active	85%	85%	85%	85%	85%	85%	85%	85%
	Number of workplace incidents	0%	0%	0%	0%	0%	0%	0%	0%
Fleet Management	Fleet Management system to manage & replace units economically	90%	90%	90%	90%	90%	90%	90%	90%



Quarterly Budget Monitoring Report

4th Quarter 2008/9

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Recommendations

These recommendations are linked to the responsibilities of the Mayor under S54 of the MFMA.

(a)

Note the contents of the report.

Executive Summary

Introduction

The Mayor, who must provide general political guidance over the fiscal and financial affairs of the Municipality, is required by Section 52 (d) of the Municipal Finance Management Act to submit a report to council within 30 days of the end of each quarter, on the implementation of the budget and the financial state of affairs of the Municipality.

This report is a summary of the main budget issues arising from the monitoring process. It compares the progress of the budget to the projections contained in the Service Delivery and Budget Implementation Plan (SDBIP).

Furthermore it compares the quarterly projections for service delivery targets and performance indicators contained in the SDBIP, against the actual outcomes of the municipality's performance in service delivery for the 4th quarter.

It must be noted that the figures in this report is subject to change and will only be final with the completion of the Annual Financial Statements for George Municipality for the financial year 2008/09.

Quarterly Budget Monitoring Report -4th Quarter 2008/9

Summary of 2008/09 budget progress

The following table summarises the overall position on the capital and operating budgets. Take note that the Operating Expenditure only reflects the direct expenditure and exclude all indirect expenditure e.g. Administrative Recharges.

R'000	Capital Expenditure R'000	Operating Income R'000	Operating Expenditure R'000
Original Budget	330,202	694,990	683,934
Adjustment Budget	286,134	684,179	706,125
Plan to Date (SDBIP)	286,134	684,179	706,126
Actual	284,770	653,872	634,807
Variance to SDBIP	-1,364	-30,307	-71,319
% Variance to SDBIP	-0.5%	-4.4%	-10.1%
% of annual budget 2008/09	99.5%	95.6%	89.9%

The above figures are based on the last adjustment budget and are explained in more detail throughout this report.

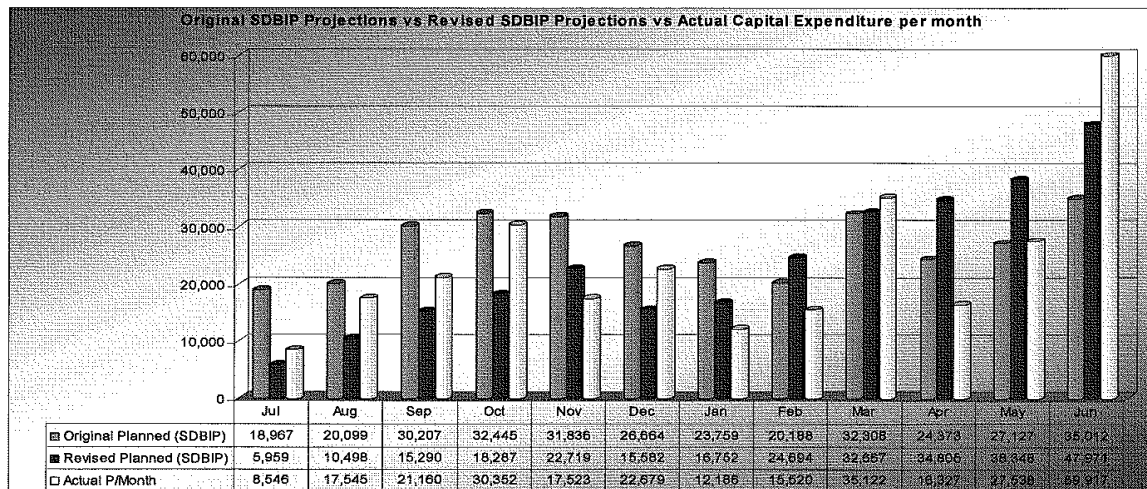
Quarterly Budget Monitoring Report -4th Quarter 2008/9

Capital Expenditure

The following table shows the actual capital expenditure for each Directorate against that planned in the SDBIP as at the end of the 4th Quarter of 2008/9.

Directorate	Adjustment Budget R'000	Planned (SDBIP) R'000	Actual R'000	Variance R'000	Variance (%)
Municipal Manager	847	847	761	-86	-10.17%
Civil & Technical	211,238	211,238	211,152	-86	-0.04%
Electro-Technical	43,431	43,431	43,230	-201	-0.46%
Planning & Housing	6,415	6,415	6,203	-212	-3.31%
Corporate Services	2,571	2,571	2,527	-43	-1.69%
Community Safety	5,606	5,606	5,761	154	2.76%
Environmental Affairs	15,775	15,775	14,940	-835	-5.29%
Financial Services	250	250	195	-55	-21.95%
Total	286,134	286,134	284,770	-1,364	-0.48%

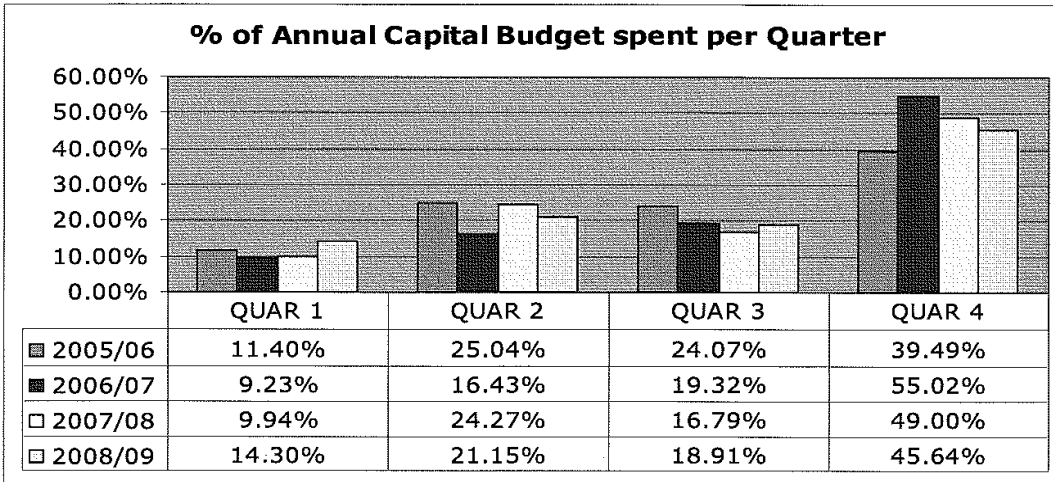
The above table shows that there was an under spending of R1 364 000 against the revised planned level of spending of R 286 134 000. This is shown in the monthly expenditure in the following graph



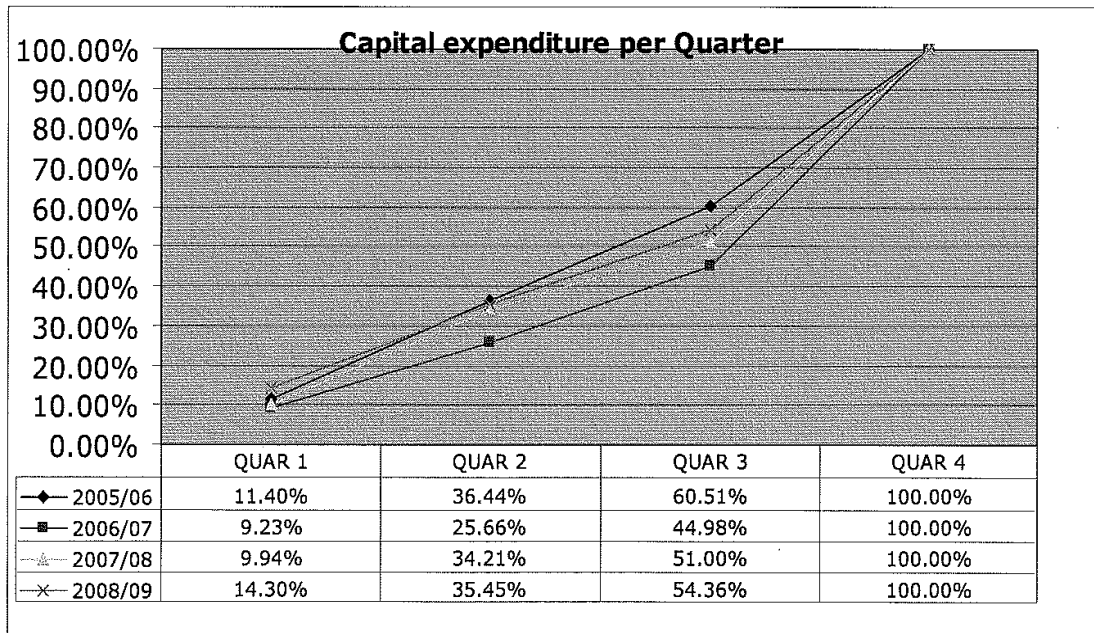
At the end of the 4th Quarter 99, 52 % of the annual capital budget was spent.

Quarterly Budget Monitoring Report -4th Quarter 2008/9

The following graph shows the percentage of the Capital Budget spent per Quarter for 4 financial years



There was an improvement in the capital expenditure for the 4th Quarter of 2008/09 compared to the 2 previous financial years, as indicates in the following graph:



Quarterly Budget Monitoring Report -4th Quarter 2008/9

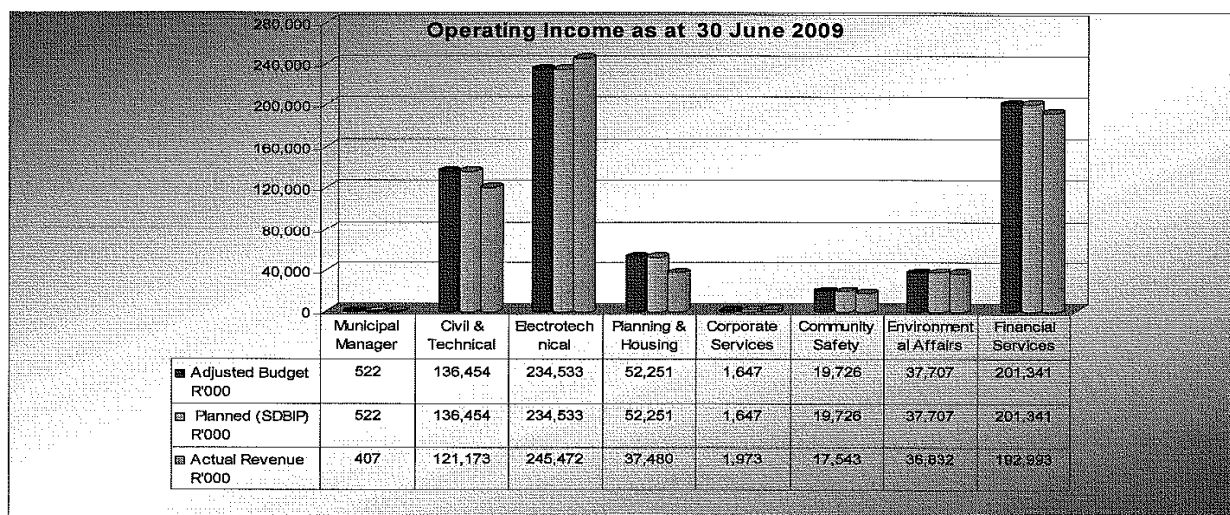
Operating Income

The following table shows the actual operating income per Directorate against that planned in the SDBIP as at the end of the 4th Quarter of 2008/9. It should be noted that the figures relate to billed income and not cash collected.

Directorate	Original Budget R'000	Adjusted Budget R'000	Planned (SDBIP) R'000	Actual Revenue R'000	Variance R'000	Variance (%)
Municipal Manager	412	522	522	407	(114)	-22%
Civil & Technical	174,384	136,454	136,454	121,173	(15,280)	-11%
Electrotechnical	217,799	234,533	234,533	245,472	10,939	5%
Planning & Housing	48,327	52,251	52,251	37,480	(14,771)	-28%
Corporate Services	5,283	1,647	1,647	1,973	326	20%
Community Safety	16,946	19,726	19,726	17,543	(2,183)	-11%
Environmental Affairs	36,419	37,707	37,707	36,832	(875)	-2%
Financial Services	195,421	201,341	201,341	192,993	(8,348)	-4%
Total	694,990	684,179	684,179	653,872	(30,307)	-4%

The above table shows that there was an under achievement of income of R 30 307 000 against the planned level of income of R 684 179 000.

This is shown in the following graph per Directorate.



Quarterly Budget Monitoring Report -4th Quarter 2008/9

The following table shows the Operating Income per Revenue Source

<u>REVENUE SOURCE</u>	ORIGINAL BUDGET	REVISED BUDGET	PLANNED INC. TO DATE (\$DBIP)	ACTUAL INC. TO DATE	VARIANCE	% VARIANCE	% OF BUDGET RECEIVED
Property Rates	131,101	132,089	132,089	125,377	-6,712	-5%	95%
Penalties Imposed And Collection Charges on Rates	1,600	1,600	1,600	1,567	-33	-2%	98%
Service Charges	354,863	372,381	372,381	377,543	5,162	1%	101%
Regional Service Levies - Turnover	-	-	-	-	-	0%	0%
Regional Service Levies - Remuneration	-	-	-	-	-	0%	0%
Rent Of Facilities And Equipment	2,159	2,159	2,159	2,049	-109	-5%	95%
Interest Earned - External Investments	19,800	23,196	23,196	23,624	428	2%	102%
Interest Earned - Outstanding Debtors	4,084	4,429	4,428	5,003	574	13%	113%
Dividends Received	-	-	-	-	-	0%	0%
Fines	8,504	11,314	11,315	9,976	-1,339	-12%	88%
Licenses & Permits	2,639	2,639	2,639	2,620	-18	-1%	99%
Income For Agency Services	5,723	5,723	5,723	4,956	-766	-13%	87%
Grants & Subsidies Received - Operating	71,852	82,739	82,738	71,534	-11,204	-14%	86%
Grants & Subsidies Received - Capital	42,127	-	(0)	-	0	-100%	0%
Other Revenue	50,538	45,911	45,912	29,622	-16,290	-35%	65%
Gain on Disposal of Property, Plant & Equipment	-	-	-	-	-	0%	0%
	694,990	684,179	684,179	653,872	(30,307)	-4%	96%

The main reasons for the variance are:

- Property rates show an income rate of 95%. The shortage is due to the reduction of valuations after the appeal process as determined in the Property Rates Act.
- The over achievement for service charges is due to a surplus on the sale of electricity
- When drafting this report the Grants & subsidies were still in the process of being allocated and the actual figure will increase.
- The budget for Capital contributions and income from sale of properties, that forms part of other revenue, did not realise. The main reason is the slowing in property development due to the tough economic times.

Quarterly Budget Monitoring Report -4th Quarter 2008/9

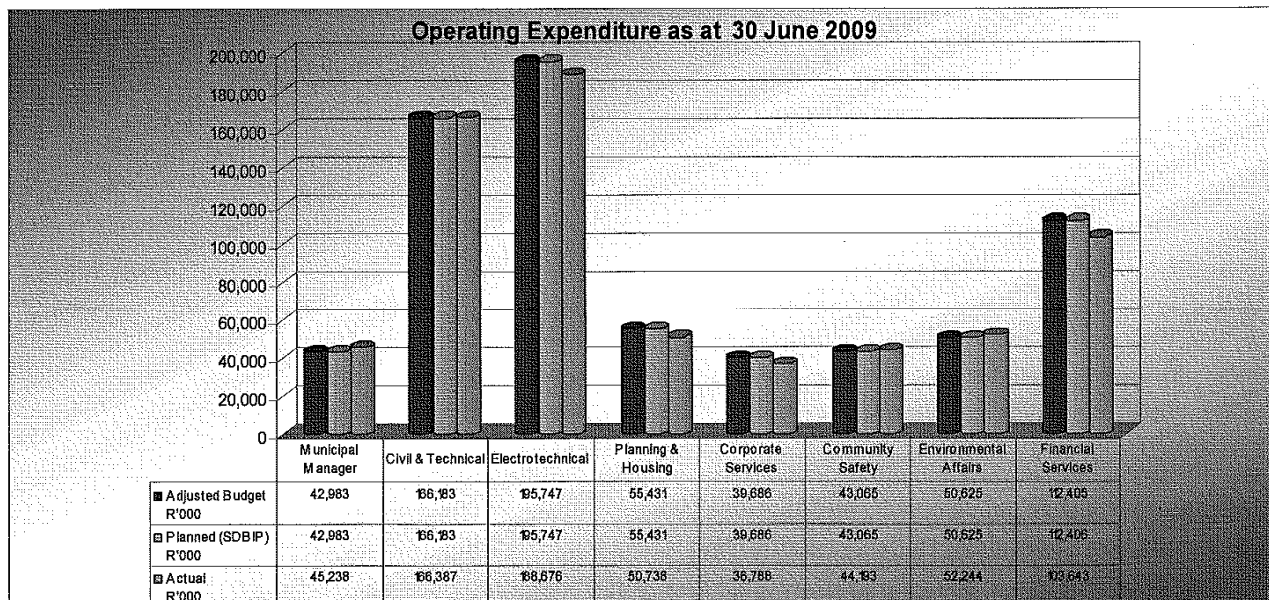
Operating Expenditure

The following table shows the actual operating expenditure per Directorate against that planned in the SDBIP as at the end of the 4th Quarter of 2008/9.

Directorate	Adjustment Budget R'000	Planned (SDBIP) R'000	Actual R'000	Variance R'000	Variance (%)
Municipal Manager	42,983	42,983	45,238	2,255	5%
Civil & Technical	166,183	166,183	166,387	204	0%
Electrotechnical	195,747	195,747	188,676	(7,071)	-4%
Planning & Housing	55,431	55,431	50,738	(4,694)	-8%
Corporate Services	39,686	39,686	36,788	(2,898)	-7%
Community Safety	43,065	43,065	44,193	1,128	3%
Environmental Affairs	50,625	50,625	52,244	1,619	3%
Financial Services	112,405	112,405	103,643	(8,763)	-8%
TOTAL	706,125	706,125	687,907	(18,219)	-3%

The above table shows that there was an under spending of R 18 219 000 against the planned level of expenditure of R 706 125 000.

This is shown in the following graph per Directorate.



Quarterly Budget Monitoring Report -4th Quarter 2008/9

The following table shows the Operating Expenditure by type

<u>EXPENDITURE PER TYPE</u>	ADJUSTMENT BUDGET	PLANNED EXP. TO DATE (SDBIP)	ACTUAL EXP. TO DATE	VARIANCE	% VARIANCE
EMPLOYEE RELATED COSTS - SALARIES & WAGES	130,231	130,231	143,795	13,564	10%
EMPLOYEE RELATED COSTS - SOCIAL CONTRIBUTIONS	43,172	43,172	29,903	(13,269)	-31%
CONTRACTED SERVICES	46,851	46,851	45,222	(1,629)	-3%
COLLECTION COSTS	4,390	4,390	4,319	(71)	-2%
GENERAL EXPENSES - OTHER	123,394	123,394	115,814	(7,580)	-6%
DEPRECIATION	53,817	53,817	53,817	-	0%
BULK PURCHASES	124,315	124,315	119,763	(4,552)	-4%
REMUNATION OF COUNCILLORS	8,950	8,950	9,188	238	3%
LESS REVENUE FOREGONE	29,973	29,973	25,048	(4,925)	-16%
GRANTS & SUBSIDIES PAID	46,413	46,413	40,666	(5,746)	-12%
BAD DEBTS	7,764	7,764	17,885	10,121	130%
REPAIRS AND MAINTENANCE	52,104	52,104	50,738	(1,366)	-3%
INTEREST EXPENSE	34,751	34,751	31,750	(3,002)	-9%
	706,125	706,125	687,907	(18,218)	-3%
% of Annual Budget Spent			97.42%		

By the end of the fourth quarter, ended 30 June 2009, the expenditure to date amounted to R 687 907 000 against the budgeted R 706 125 000.

Thus, 97.42% of the amended budget had been spent.

This is mainly due to the following:

- There was a saving on the budgeted interest expense.
- Actual Bad debts written off amounted to more than was budgeted for. This will be rectified by year end.
- The under spending on the Grants & Subsidies Paid is due to subsidies that still need to be paid out of the Equitable Share. This will be rectified by the year end.

Personnel Expenses

At the end of the fourth quarter, ended 30 June 2009, the expenditure to date amounted to R 182 952 859 against the budgeted R 182 352 638, thus 100% of the revised budget has been spent.

A moratorium has been placed on all vacant posts as from the end of March 2009.

Savings on Personnel expenses per Directorate:

- Financial Services: 6 %
- Planning and Housing: 1 %
- Civil and Technical Services: 1 %
- Electro-Technical Services: 7 %
- Corporate Services: 6 %

The following departments have over spent on their salary budget to date:

- Community Safety: 9 %
- Environmental Affairs: 2 %
- Asst Municipal Manager: 13%

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The following table indicates the personnel expenses per Directorate:

Directorate	Adjusted Budget	Actual Spent	Available	% Spent
Civil & Technical Services	38,633,259	38,365,572	267,687	99%
Electro-technical Services	25,546,120	23,756,202	1,789,918	93%
Financial Services	21,445,783	20,224,831	1,220,952	94%
Corporate Services	20,526,293	19,380,440	1,145,854	94%
Asst Municipal Manager	18,502,296	20,848,205	-2,345,909	113%
Planning and Housing	13,327,940	13,193,103	134,837	99%
Environmental Affairs	18,873,604	19,285,184	-411,580	102%
Community Safety	25,497,343	27,899,324	-2,401,981	109%
	182,352,638	182,952,859	-600,221	100%

Savings on Personnel Expenses is calculated on the basis that spending by the 4th quarter should have amounted to 100% of the Salary Budget.

TASK:

An amount of R 10 000 000 .00 was budgeted on the current operating budget to address outstanding and conflicting issues regarding remuneration of employees.

Annexure 1 is a detailed breakdown of personnel expenses as well as the councillor related costs.

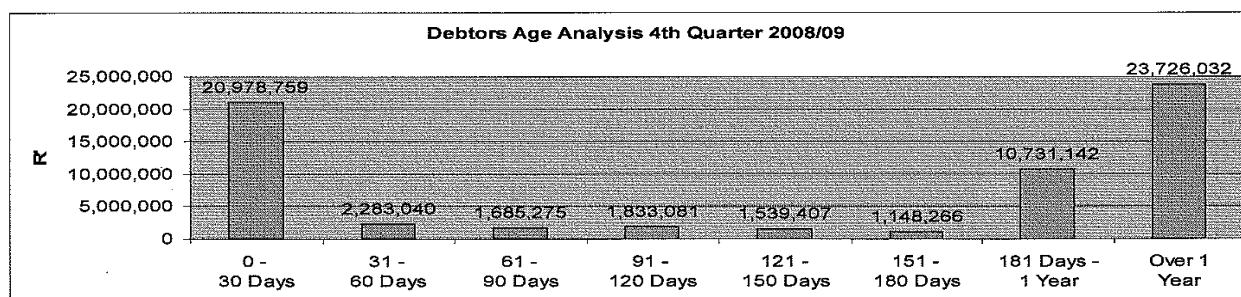
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Debtors Age Analysis

The following table shows the detailed Debtors Age Analysis at the end of the 4th Quarter of 2008/9.

Detail	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total
Debtors Age Analysis By Income Source									
Water Tariffs	5,584,202	548,526	386,098	420,554	280,554	278,055	1,845,509	4,821,815	14,165,313
Electricity Tariffs	10,375,068	310,317	181,030	361,246	141,061	128,097	723,350	1,464,200	13,684,369
Rates (Property Rates)	5,049,143	405,301	331,855	258,661	466,111	207,035	3,247,320	2,543,042	12,508,468
Sewerage / Sanitation Tariffs	3,074,815	340,399	297,815	261,176	226,623	209,754	1,750,767	3,480,784	9,642,133
Refuse Removal Tariffs	2,251,655	302,845	270,267	235,240	221,393	208,749	1,426,627	3,151,382	8,068,158
Housing (Rental Income)	22,786	5,820	5,799	7,345	4,000	3,081	16,571	113,250	178,652
RSC Levies	0	0	0	0	0	0	0	0	0
Other	5,378,910	369,832	212,411	288,859	199,665	113,495	1,720,998	8,151,559	5,677,909
Total By Income Source	20,978,759	2,283,040	1,685,275	1,833,081	1,539,407	1,148,266	10,731,142	23,726,032	63,925,002
Debtors Age Analysis By Customer Group									
Government	28,020	20,847	2,471	4,003	76,370	1,562	419,607	102,905	599,745
Business	4,068,061	287,371	169,463	178,496	112,000	89,725	631,772	1,373,713	6,910,601
Households	9,964,179	1,927,927	1,452,457	1,406,182	1,169,469	1,039,069	9,417,142	21,057,153	47,433,678
Other	6,974,539	46,895	60,884	244,400	181,568	17,910	262,621	1,192,261	8,981,078
Total By Customer Group	20,978,759	2,283,040	1,685,275	1,833,081	1,539,407	1,148,266	10,731,142	23,726,032	63,925,002

The above table indicates that at the end of the fourth quarter a total amount of R 63 925 002 was outstanding for Debtors, with R 23 726 032 or 37 % outstanding for over 1 year. This is shown in the following graph of the Debtors Age Analysis



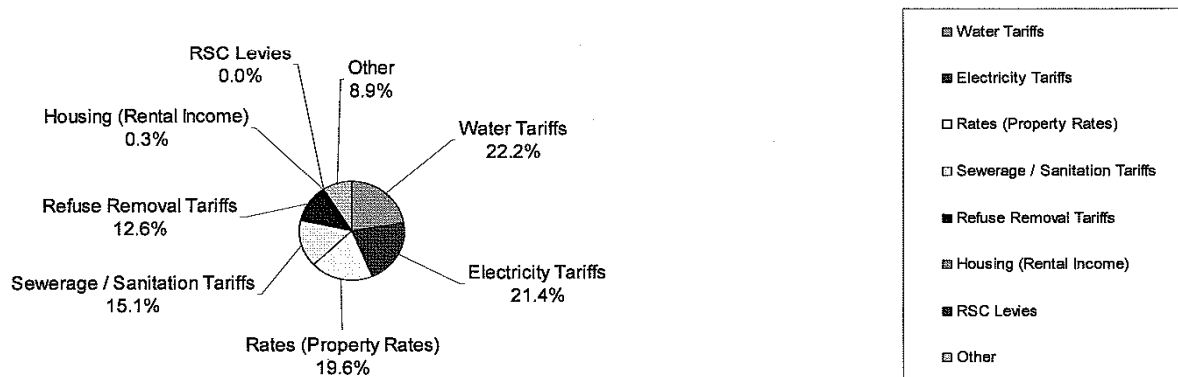
Presently 37 % of debtors over 1 year are tied up in legal processes like administrations, liquidation, handed-overs, which are lengthy processes. George Municipality together with Zader are on an ongoing basis analysing the debtors older than a year, to determine the collectability of the outstanding debts and the amounts to be written off as bad debt.

The Provision for bad debts is R 32 284 628, as stated in the Annual Financial Statements of 2007/8. All debt older than 180 days is therefore, technically covered by this provision. An amount of R 18 161 872.89 has been written off for the past 12 months of 2008/09.

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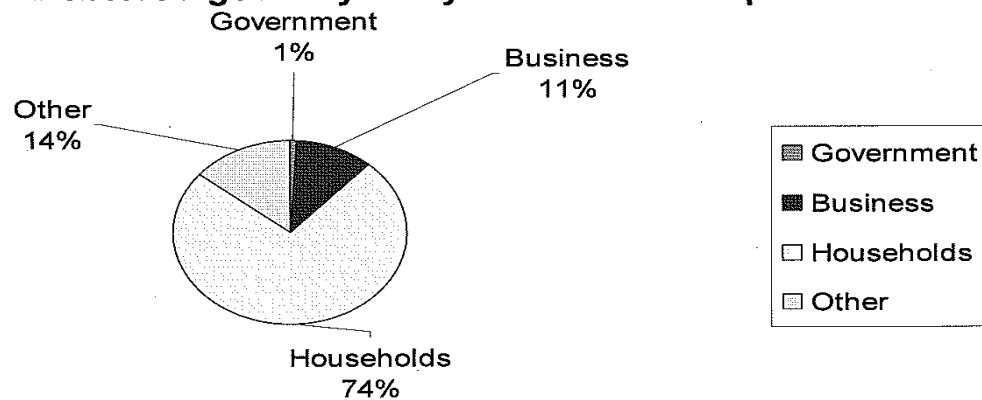
The following graph indicates the outstanding Debtors by Income Source

Debtors Age Analysis by Income Source



The following graph shows the outstanding Debtors by Customer Group.

Debtors Age Analysis by Customer Group



The abovementioned graph states that 74 % of the total outstanding debtors, of R 63 925 002, consist of household debtors, that is R 47 433 578.

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Investments

During the quarter ended 30 June 2009, interest amounting to R 4 269 204 was received.

The municipality saw an investment amount of R 175 000 000 mature during the month of June 2009. Investments of

R 150 000 000 was made, all during the fourth quarter.

The opening balance of current investments was R 242 682 381 at the start of the 2008/09 financial year and after the above mentioned maturing and investing, the closing balance for June 2009 is: R 158 482 381.

INVESTMENT	Balance as at 01 April 2009	Movements for the quarter				Balance as at 30 June 2009	Interest earned		Interest earned	
		Investments matured	Investments made	Interest capitalised	Costs & Fees		Quarter 4	Yield	Year to date	Yield
BANK DEPOSITS										
Bank Deposit	183,482,381	175,000,000	150,000,000	-	-	158,482,381	4,269,204	-	16,304,043	-
Sinking Fund Deposit										
TOTAL	183,482,381	175,000,000	150,000,000	0	0	158,482,381	4,269,204	0	16,304,043	0
FUNDS UNDER MANAGEMENT										
LISTED INVESTMENTS										
UNLISTED INVESTMENTS										
Investments in Municipal Entities										
Other Investments										
TOTAL	183,482,381	175,000,000	150,000,000	0	0	158,482,381	4,269,204	0	16,304,043	0
GRAND TOTAL	183,482,381	175,000,000	150,000,000	0	0	158,482,381	4,269,204	0	16,304,043	0

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Grants & Subsidies

The table indicates the grants and subsidies as gazetted in the Division of Revenue Act (DORA) and the Western Cape provincial gazette, the amounts received and the actual expenditure as at 30 June 2009.

Grant & Subsidies Quarter 2008/09	4th	CAPITAL / OPERATING	Responsible Official	Gazetted	Adjustment	Adjusted Allocation	Expenditure	Amount Received
National Grants								
As per the Division of Revenue Bill (DORA) (Government Gazette No. 30721 of 8 February 2				53,770,000	33,544,000	87,314,000	58,709,816	79,727,872
Equitable Share		OPERATING	Mr. M. Cupido	37,048,000	2,586,000	39,634,000	21,940,431	37,047,872
Conditional Grants & Subsidies				16,722,000	30,958,000	47,680,000	36,769,385	42,680,000
Municipal Infrastructure Grant (MIG)		CAPITAL	Ms. L. Moolman	15,356,000	0	15,356,000	10,126,937	10,356,000
Municipal Infrastructure Grant (MIG) Flood damage		CAPITAL	Ms. L. Moolman	0	25,550,288	25,550,288	19,868,736	25,550,288
Municipal Infrastructure Grant (MIG) Flood damage		OPERATING	Ms. L. Moolman	0	5,407,712	5,407,712	5,407,712	5,407,712
National Electrification Programme Grant		CAPITAL	Mr. K. Grundewalt	216,000	0	216,000	216,000	216,000
Local Government Financial Management (FMG)		OPERATING	Mr. C. Marais	750,000	0	750,000	750,000	750,000
Municipal Systems Improvement Grant		OPERATING	Mr. M. Marais/ Mr.K. Venter	400,000	0	400,000	400,000	400,000
Provincial Grants								
As per Provincial Gazette 6505 dated Tuesday 4 March 2008				39,890,000	813,000	40,703,000	39,150,050	44,443,064
Intergated housing & human settlement & development Grant		OPERATING	Mr T De Beer	7,806,700	0	7,806,700	7,806,700	10,174,157
		CAPITAL	Ms. L. Moolman	19,387,300	0	19,387,300	19,387,300	21,002,500
Mobility Strategy		CAPITAL	Ms. L. Moolman	10,600,000	0	10,600,000	10,600,000	10,600,000
Community development worker (CDW) operational support		OPERATING	Mr. P. Noble	72,000	0	72,000	32,104	72,000
Library Services(conditional grant)		OPERATING	Ms. Raubenheimer	756,000	0	756,000	755,946	755,946
Housing Consumer Education Grant(New)		OPERATING	Ms. T. de Beer	400,000	0	400,000	400,000	400,000
Local Government Financial Planning			L. Moolman	0	813,000	813,000	0	650,000
Maintenance of Proclaimed Roads (New)		OPERATING	Mr. J. Quinot	868,000		868,000	168,000	788,461
TOTAL GAZETTED				93,660,000	34,707,000	128,367,000	97,859,865	124,170,936
Additional Grants not gazetted				0	350,000	350,000	1,731,362	2,187,376
Eden District Municipality Allocation DORA Bill (4 of 2008)								
Stormwater Masterplan for George Municipality			L. Moolman	0	350,000	350,000	0	350,000
LG seta							215,499	205,926
Emerging Weeds Project							1,508,075	1,576,059
Electricity- African skills village			M. Mathews				7,788	55,391
Masibambane project			V.Gouws					60,000
Feasibility study for bulk water infrastructure			L. Moolman				400,000	400,000
TOTAL GRANTS & SUBSIDIES				93,660,000	35,057,000	128,717,000	99,591,227	126,358,312

Quarterly Budget Monitoring Report -4th Quarter 2008/9

Annexure 1: Detailed Breakdown of Personnel Expenses

REPORT BY THE MUNICIPAL MANAGER IN RESPECT OF PERSONNEL EXPENSES
AS PRESCRIBED BY ARTICLE 66 OF THE MFMA (ACT 56 OF 2003)
FOR THE PERIOD 1 APRIL 2009 - 30 JUNE 2009

EMPLOYEE RELATED COSTS

LINE ITEM	DETAIL	AMENDED BUDGET 2008/09	EXPENSES TO DATE 30 JUNE 09	EXPENSES 1 ST QUARTER	EXPENSES 2 ND QUARTER	EXPENSES 3 RD QUARTER	EXPENSES 4 TH QUARTER	% SPENT TO DATE
10	KONTRAKTE	8,093,174	7,390,261	1,940,391	1,929,982	1,874,556	1,645,333	91%
13	SALARISSE	101,497,515	95,770,720	21,527,560	22,465,181	27,014,400	24,763,579	94%
0675/0735	REMUNERATION	109,590,689	103,160,981	23,467,950	24,395,163	28,888,956	26,408,912	94%
39	PENSIOENBYDRAES	17,984,513	16,482,908	3,712,218	3,907,518	4,680,705	4,182,467	92%
41	ENKELBEDRAG PENSIOENE	20,000	9,174	0	0	9,174	0	46%
0675/0735	INTERNS	400,000	396,032	26,265	123,260	123,253	123,253	99%
42	PRIVAAT PENSIOENE	366,000	335,694	105,887	90,927	69,387	69,493	92%
55	MEDIESE BYDRAES	10,007,344	9,024,837	2,051,916	1,930,818	2,594,309	2,447,794	90%
68	BEHUISING SUBSIDIE	896,344	1,079,074	248,757	269,683	279,687	280,947	120%
71	VERGOEDINGSKOMMISSARIS	1,009,600	1,077,263	0	0	0	1,077,263	107%
84	WERKLOOSHEIDSVERSEKERING	959,301	1,122,342	242,312	294,938	290,958	294,134	117%
97	VERLOFBONUSSE	7,447,334	7,410,045	39,809	6,571,451	671,394	127,392	99%
107	GEREEDHEIDSDIENS	76,660	963,806	189,730	198,382	282,755	292,939	1257%
108	PRESTASIE TOEKENNING	1,155,821	-17,138	-228,300	114,185	39,293	57,684	-1%
110	BEHUISING TOELAAG	388,060	562,185	118,997	137,914	142,360	162,914	145%
123	LANGDIENSBONUS	314,410	1,028,777	237,031	156,766	235,233	399,747	327%
136	NYWERHEIDS HEFFING	46,761	43,714	10,788	10,922	11,009	10,995	93%
149	OORTYD	10,076,700	12,494,826	2,736,922	3,190,468	3,465,770	3,101,666	124%
152	GROEPVERSEKERING	2,255,956	2,151,773	498,126	526,203	560,500	566,944	95%
165	VERVOERTOELAE	5,310,216	7,095,040	1,279,938	1,277,868	2,536,179	2,001,055	134%
178	OPGEHOOPTE VERLOF	0	1,983,383	188,311	440,245	423,193	931,634	#DIV/0!
193	PUNTDIENS	350,000	245,597	38,712	63,535	49,605	93,744	70%
194	AFLOSPERSONEEL/STUDENTE	3,230,911	3,865,226	959,065	406,964	1,600,656	898,541	120%
196	POLISIERING	0	67,579	57,032	10,547	0	0	#DIV/0!
197	STRUKTUUR	-11,500,000	0	0	0	0	0	0%
204	TELEFOONTOLAE	280,350	459,877	100,441	37,847	196,385	125,204	164%
217	LEWENSREDDING	500,000	580,791	0	36,200	431,794	112,797	116%
262	NAGSKOF TOELAES	479,600	677,974	139,443	46,155	306,332	186,043	141%
288	VERLOF RESERWEFONDS	908,400	0	0	0	0	0	0%
289	VOORSIENING VIR TASK	10,000,000	0	0	0	0	0	0%
291	WAARNEMINGS TOELAE	847,700	1,463,499	470,201	166,499	420,110	406,689	173%
TOTAL		173,402,670	173,765,258	36,691,551	44,404,460	48,308,997	48,308,997	100%

COUNCILLOR RELATED COSTS

LINE ITEM	DETAIL	AMENDED BUDGET 2008/09	EXPENSES TO DATE 30 JUNE 09	EXPENSES 1 ST QUARTER	EXPENSES 2 ND QUARTER	EXPENSES 3 RD QUARTER	EXPENSES 4 TH QUARTER	% SPENT TO DATE
14	TOELAE : BURGERMEESTER	344,916	336,218	75,353	75,353	101,459	84,054	97%
15	TOELAE : SPEAKER	275,933	313,646	63,287	73,662	95,906	80,790	114%
16	TOELAE : O/B/MEESTER	257,097	211,024	0	69,168	75,360	66,496	82%
17	TOELAE : UK LEDE	1,514,451	1,774,812	382,297	408,141	540,524	443,850	117%
18	TOELAE : RAADSLEDE	2,991,214	3,026,226	709,783	674,033	917,434	724,975	101%
40	PENSIOEN BYDRAE	832,969	778,836	172,327	165,763	252,146	188,599	94%
56	MEDIESE FONDS BYDRAE	169,517	125,198	30,756	29,316	31,338	33,788	74%
166	VERVOER TOELAE	2,128,699	2,180,205	476,593	500,094	662,487	541,031	102%
205	SELFOON TOELAE	435,172	441,435	98,540	100,356	133,932	108,608	101%
TOTAL		8,949,968	9,187,601	2,008,937	2,095,888	2,810,586	2,810,586	103%

TOTAL PERSONNEL COSTS **182,352,638 182,952,859 38,700,488 46,500,348 51,119,583 51,119,583 100%**

Annexure 2: Cash Flow Statement

Cash Flow Statement 2008/09	Original Budget	Adjusted Budget Mar/Apr 09	Planned Cash Flow to date	Actual Cash Flow to date	Variance	% of Variance	% of Adjusted Budget
Opening Cash Balance	292,705,284	292,705,284	292,705,284	292,705,284			
Receipts	836,829,000	844,717,000	851,566,000	1,344,088,278	492,522,278	57.8%	156.9%
Revenue receipts (incl consumer debtors)	465,345,000	485,253,000	465,345,000	306,895,782	(158,449,218)	(34.0%)	63.2%
External loans	134,200,000	107,443,000	134,200,000	107,443,000	(26,757,000)	-	80.1%
Grants and subsidies	113,980,000	128,717,000	128,717,000	126,358,312	(2,358,688)	(1.8%)	110.9%
Investments redeemed	0	0	0	515,600,000	515,600,000	-	-
Statutory receipts (including VAT)	0	0	0	44,819,754	44,819,754	100.0%	-
Other receipts	123,304,000	123,304,000	123,304,000	242,971,430	119,667,430	97.1%	197.1%
Payments	990,667,004	946,598,551	990,667,004	1,326,363,452	335,696,448	33.9%	133.6%
Salaries, wages and allowances	196,001,000	196,001,000	196,001,000	180,645,375	(15,355,625)	(7.8%)	92.2%
Cash and creditor payments	178,058,004	178,058,004	178,058,004	291,265,806	113,207,802	63.6%	163.6%
Capital payments	330,202,000	286,133,547	330,202,000	284,923,334	(45,278,666)	(13.7%)	85.8%
Investments made	0	0	0	456,400,000	456,400,000	-	-
External loans repaid	6,710,000	6,710,000	6,710,000	14,027,914	7,317,914	109.1%	209.1%
Statutory payments (including VAT)	0	0	0	67,360,474	67,360,474	100.0%	-
Other payments	279,696,000	279,696,000	279,696,000	31,740,549	(247,955,451)	(88.7%)	11.3%
Closing Balance	138,867,280	190,823,733	153,604,280	310,430,110	156,825,830	102.1%	198.0%

Annexure 3: Borrowings

QUARTERLY BORROWINGS RETURN: 2008/09

Loan Ref no	Start Date	Planned End Date	Term	Borrowing Institution	Interest rate p.a	Balance @ begin of year	Amount Paid 1st Quarter		Amount Paid 2nd Quarter		Amount Paid 3rd Quarter		Amount Paid 4th Quarter		Balance
							Capital	Interest	Capital	Interest	Capital	Interest	Capital	Interest	
1061	01/07/2005	30/06/2015	10	INCA	9%	19,020,789	0	0	998,171	862,971	0	0	1,056,789	804,352	16,965,829
1062	01/07/2005	30/06/2025	20	DBSA	9.04%	33,579,844	0	0	406,925	1,593,231	0	0	451,891	1,548,266	32,721,028
1063	07/01/2006	30/06/2016	10	INCA	10.07%	15,663,777	0	0	654,230	795,153	0	0	699,864	749,519	14,309,683
1064	07/01/2006	30/06/2016	10	ABSA	10.50%	15,699,311	0	0	645,269	827,920	0	0	692,508	780,681	14,361,534
1065	07/01/2006	30/06/2026	20	DBSA	9.41%	44,259,776	0	0	476,233	2,099,181	0	0	532,682	2,042,733	43,250,861
1066	01/07/2007	30/06/2027	20	DBSA	9.18%	44,838,124	0	0	441,796	2,075,691	0	0	495,751	2,021,736	43,900,577
1067	01/07/2007	30/06/2017	10	DBSA	9.37%	44,358,590	0	0	1,609,169	2,094,916	0	0	1,718,055	1,986,029	41,031,366
1068	01/07/2008	30/06/2018	10	DBSA	11.21%	38,540,000			1,077,038	2,241,046	0	0	439,235	2,962,048	37,023,727
1069	01/07/2008	30/06/2018	20	DBSA	11.10%	54,182,000			369,466	3,119,644	0	0	1,172,420	2,082,540	52,640,114
1070	30/06/2009	30/06/2029	20	DBSA	11.86%	0									39,743,000
1071	30/06/2009	30/06/2024	15	DBSA	6.75%	0									20,000,000
1072	30/06/2009	30/06/2019	10	DBSA	11.90%	0									34,700,000
1073	30/06/2009	30/06/2019	10	DBSA	6.75%	0									13,000,000
DBSA Elec 8169/103	04/01/1995	31/03/2015	20	DBSA	12%	5,817,596	252,445	383,933	0	0	0	0	268,994	368,371	5,296,157
DBSA Sewer 13514/101	07/01/2000	30/06/2020	20	DBSA	12.33%	2,260,550	0	0	90,422	156,669	0	0	90,422	127,109	2,079,706
Vehicle Leases	01/07/2002	28/02/2007	5	Various banks		278,781	0	0	56,200	7,714	0	0	178,505	18,494	44,076
						TOTAL	318,499,138	252,445	6,824,918	15,874,135	0	0	7,797,116	15,491,878	411,067,659

Annexure 4:
Performance indicators of Directorates

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Annexure 4.1:

Performance Indicators - Assistant Municipal Manager											
Performance Indicators - Assistant Municipal Manager											
Vote	Performance Indicator	Target 2008/09	30-Sep-08	31-Dec-08	31-Mar-09	30-Jun-09	Actual	Actual	Actual	Actual	Actual
Sport and recreation	Develop sport club and facilities database	95	70	80	90	95	75	90	90	95	
	Number of approved contracts with sport clubs	6	3	3	5	6	3	3	3	3	
	% utilization of sport facilities	95%	90%	92%	95%	95%	95%	90%	90%	90%	
	Number/ % of sport clubs affiliated to sport council	6	3	3	6	6	3	3	3	3	
	Number of municipal sport facilities disable friendly	7	3	3	6	7	3	3	3	3	
	Sport Development Strategy										
IDP	% compliant with goals set in the IDP for the municipality	100%	25%	25%	25%	25%	25%	Completed	Completed	Completed	

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Performance Indicators - Assistant Municipal Manager									
Note	Performance Indicator	Target 2008/09	Quarterly Targets				Actual	Actual	Actual
			30-Sep-08	31-Dec-08	31-Mar-09	30-Jun-09			
	Number of public participation meetings held	30	15	0	0	15	14	20 (Roadshows in May)	30-Jun-09
	IDP tabled at council	2			Draft (1)	Draft (1)	No	Only May 09	Done on 27 May 2009
	IDP process plan	Yes					Yes	Completed	Completed
	Credible IDP	Yes					Yes	Only May 09	Done on 27 May 2009
Performance Management	Performance Management System in place	System for Senior managers + Deputies	System for Senior managers + Deputies	System for Senior managers + Deputies	System for Senior managers + Deputies	System for Senior managers + Deputies	Framework for organisation completed. System for Senior Managers	Framework adopted by Council on 2nd December 2008	Electronic system in process of implementing for organisational PMS
	Communication plan and policy	Approved by Council 25 June 2008	In Place	In Place	In Place	In Place	In Place	In Place	In place
Intergovernmental Relations	Number of international interventions	4	1	1	1	1	0	0	0
	Establish functional sister city agreements	4	1	1	1	1	0	0	0
Local Government Relations	Delegations to visit selected Sister cities internationally	4	1	1	1	1	0	0	0
	Joint functions taken place	9	2	2	3	2	0	0	0

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Performance Indicators - Assistant Municipal Manager										
Vote	Performance Indicator	Target 2008/09	Quarterly Targets				Actual	Actual	Actual	Actual
			30-Sep-08	31-Dec-08	31-Mar-09	30-Jun-09				
	Develop relevant databases	30-Jun-09	15%	45%	65%	100% Completed	30-Jun-09	30-Jun-09	31-Dec-08	30-Jun-09
	Number of tourist marketing campaigns	24	6	5	6	7	24	None		95% ongoing
	% increase in membership of tourism bureau	5%	5%	5%	5%	5%	5%	5%	6%	5%
	Tourism Strategy	30/06/2009	60%	100% Completed	In place	In place	In place (Implementation will be continuous and according to IDP targets)	100% completed	100% completed	Working document completed.
Website	Number of website hits	2400000	600000	600000	600000	600000	1,011,226	933,409	1,010,509	463,846
HIV / Aids	Number of special events organised	4	1	1	1	1	0	1	0	1
	Number of health awareness campaign held	6	2	1	2	1	213	1025	12	24
	Number of treatment and care projects	6	2	1	2	1	121	95	93	93
	Number of people counselled by HIV counsellors	As requested	As requested	As requested	As requested	As requested	As requested	19	706	AS REQUESTED
Community Projects	Number of educational sessions held	100	25	25	25	25	42	14	12	26 (Youth) 23 (Social)
	Number of social programmes launched	10	3	2	2	3	2	12	3	1 (Youth) 29 (Social)
	Policy on vulnerable groups		Disability policy in place				Draft disability policy	Completed	Completed	Youth Policy Completed
	Soup Kitchens	90+ ready schools	90+ ready schools	90+ ready schools	90+ ready schools	90+ ready schools	195 in total	201		1 (Youth) 210 (Social)
	% Capital budget spent	100%	25%	25%	25%	25%	24%	61%	66%	

Annexure 4.2:

Performance Indicators

Civil and Technical Services

Executive Councillor: P de Swardt

Senior Manager: H Basson

Performance Indicators - Civil and Technical services										
		Quarterly Targets				Actual		Actual		Actual
	Performance Indicator	Target 2008/09	30 Sep 08	31 Dec 08	31 Mar 09	30 Jun 09	30 Sep 08	31 Dec 08	31 Mar 09	30 Jun 09
Sewerage : Main Pipes & Pumpstations		Formal: 0 Informal : 111	Formal: 0 Informal : 111	Formal: 0 Informal : 111	Formal: 0 Informal : 111	Formal: 0 Informal : 111	350			
	Number of households using bucket system									
	Number of sewerage blockages	3500	975	875	875	775	1378	587	900	1019
	Number of new sewerage connections	220	55	55	55	55	48	5	9	23
	Number of sewerage blockages cleared within 48 hours	98%	98%	98%	98%	98%	97%	98%	100%	100%
	Percentage of households with access to basic level of sewerage service	95%	95%	95%	95%	95%	95	98%	98%	98%

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Performance Indicators - Civil and Technical services										
Vote	Performance Indicator	Target 2008/09	Quarterly Targets				Actual			
			30 Sep 08	31 Dec 08	31 Mar 09	30 Jun 09	30 Sep 08	31 Dec 08	31 Mar 09	Actual
Sewerage : Water Pollution Control	KL of sewerage purified	6,469,498	1,175,460	2,059,508	1,617,156	1,617,374	1,662,784	1,955,500	1,751,498	1,703,951
	% of Sewerage purified to requirements of SANS	95%	50%	90%	90%	90%	90%	90%	95%	95%
	KPA - Percentage of households with access to basic level of water	95%	95%	95%	95%	95%	95%	95%	95%	95%
Water	Number of new water connections	500	100	150	100	150	194%	176	152	57
	% of water losses through network	10%	10%	10%	10%	10%	2.84%	12.26%	10.39%	5.00%
	% of water losses through purification	10%	10%	10%	10%	10%	6%	6.43%	5.06%	5.13%
	% of pipe bursts repaired within 48 hours	98%	98%	98%	98%	98%	100%	100%	100%	100%
	KL of water purified	12 000 000	2720000	3180000	3180000	2920000	2737364	3237633	3383753	2978255
	KL of water distributed	11 430 000	2600000	3040000	3040000	2750000	2661760		3032052	2829409
	% of Water purified to meet SANS requirements	98%	98%	98%	98%	98%	98%	98%	98%	98%

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Performance Indicators - Civil and Technical services											
Vote	Performance Indicator	Target 2008/09	Quarterly Targets				Actual				Actual
			30 Sep 08	31 Dec 08	31 Mar 09	30 Jun 09	30 Sep 08	31 Dec 08	31 Mar 09	30 Jun 09	
	% of pipe bursts repaired within 48 hours	98%	98%	98%	98%	98%	100%	100%	100%	100%	100%
	Replacement of water meters	1200	300	300	300	300	295	255	329	89	
	Replacement of water mains	4800	1200	1200	1200	1200	820	600	2110	3400	
Storm water	% of households with access to stormwater service	75%	75%	75%	75%	75%	75%	75%	75%	75%	
	Integrated waste management plan										
	No of manholes cleared from debris	10%	10%	10%	10%	10%	15%	20%	20%	60%	
Streets	Km of gravel streets upgraded to permanent surface	90%	90%	90%	90%	90%	90%	0	1.5km	3,7km	
	Km of road rehabilitated to an acceptable level	5	1.25	1.25	1.25	1.25	2	0.6	0.5	0	
	Km of tarred roads resealed	7	6	6	6	6	7	10.5	20	0	
	KPA : % of Capital budget spent	100%	15%	30%	60%	100%	20%	80%	95%	100%	

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Performance Indicators - Civil and Technical services										
Vote	Performance Indicator	Target 2008/09	Quarterly Targets				Actual			
			30 Sep 08	31 Dec 08	31 Mar 09	30 Jun 09	30 Sep 08	31 Dec 08	31 Mar 09	30 Jun 09
Planning	% of Approved capital projects completed within time	85%	85%	85%	85%	85%	85%	100%	100%	100%
	% of council decisions applicable to directorate implemented	98%	98%	98%	98%	98%	98%	98%	98%	100%
	% of land development applications commented on within 14 days	80%	80%	80%	80%	80%	95%	97%	98%	98%
	% of building plan applications commented on within 14 days	90%	90%	90%	90%	90%	95%	96%	97%	98%
	% of master plans approved: WSDP/Water & sewerage/ Roads master plan	100%	10%	30%	60%	100%	100%	100%	100%	100%

Annexure 4.3:

Performance Indicators										
Electrotechnical Services										
Executive Councillor: CM Remas										
Senior Manager: K Grunewald										
Performance Indicators - Electrotechnical Services										
Vote	Performance Indicator	Target 2008/09	Quarterly Targets				Actual	Actual	Actual	Actual
			30-Sep-08	31-Dec-08	31-Mar-09	30-Jun-09	30-Sep-08	31-Dec-08	31-Mar-09	30-Jun-09
Admin	% of capital budget spent	80% - 100%	80% - 100%	80% - 100%	80% - 100%	80% - 100%	4%	18.55%	40.80%	100.81%
	Operational expenses per unit of electricity sold	<33.9 c/kWh	34c	34c	34c	34c	34c	34x	34c	34C
	Electricity master plans updated and aligned with budget and IDP	90%- 100%	90%- 100%	90%- 100%	90%- 100%	90%- 100%	90%- 100%	90%- 100%	90%- 100%	90-100%
	3 year capital budget aligned with master plans and IDP to address immediate needs	90%- 100%	90%- 100%	90%- 100%	90%- 100%	90%- 100%	90%- 100%	90%- 100%	90%- 100%	90-100%
	KPA - Interventions to address the skills shortage to enable compliance with the approved employment equity plan	70%	70%	70%	70%	70%	70%	70%	70%	70%
	Staff complement	70% 150	70% 37.50	70% 37.50	70% 37.50	70% 37.50	70% 37.50	70% 37.50	70% 37.50	70% 37.5
	Quality of Supply	90%	90%	90%	90%	90%	90%	90%	90%	90%
	Affordable, effective and efficient administration	90%	90%	90%	90%	90%	90%	90%	90%	90%

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Performance Indicators - Electrotechnical Services									
Vote	Performance Indicator	Target 2008/09	Quarterly Targets					31-Mar-09	30-Jun-09
			30-Sep-08	31-Dec-08	31-Mar-09	30-Jun-09	30-Sep-08		
Distribution	KPA - Percentage of households with access to basic level of electricity (subject to availability of funds)	100%	100%	100%	100%	100%	100%	100%	100%
	Quality of service	90%	90%	90%	90%	90%	90%	90%	90%
	Quality of supply	90%	90%	90%	90%	90%	90%	90%	90%
Electrification	Number of new electricity connections (subject to availability of funds)	100%	100%	100%	100%	100%	100%	100%	100%
	Preventative maintenance programmes in place and active	85%	85%	85%	85%	85%	85%	85%	85%
	Number of workplace incidents	0%	0%	0%	0%	0%	0%	0%	0%
Fleet Management	Fleet Management system to manage & replace units economically	90%	90%	90%	90%	90%	90%	90%	90%

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Annexure 4.4:

Performance Indicators

Planning and Housing

Executive Councillor: W Harris

Senior Manager: SB Erasmus

Performance Indicators: Planning & Housing		Revised Quarterly Targets									
Year	Performance Indicator	Target 2008/09	Revised Target 2008/2009	30-Sep-08	30-Dec-08	31-Mar-09	30-Jun-09	30-Sep-08	31-Dec-08	Actual	Actual
HOUSING	Construction of new houses: Number of new/low cost housing units built	400	160	34	72	11	13	34	72	18	13
	Crèches	4500000	3070000	0	0	576000	3184000	1679	143400	569544	935418
	Upgrading (various areas)	400000	370000	0	90000	100000	180000	1679	95400	101224	79338
	Thembalethu	1500000	1300000	0	50000	476000	774000	0	48000	468317	416768
	Lawaakamp (replacement)	1200000	890000	0	0	0	1330000	0	0	0	499312
	Parkdene	1000000	1000000	0	0	0	500000	0	0	0	Removed
	Kenkrantz	400000	400000	0	0	0	400000	0	0	0	Removed
	Community Halls	3399999	0	0	250000	30000	2370000	4724	250000	32368	
	Lawaakamp (upgrading)	250000	380000	0	250000	30000	100000	4724	250000	32368	25125
	Proteapark	650000	600000	0	0	0	600000	0	0	0	Removed
	Parkdene	833333	833333	0	0	0	840000	0	0	0	Removed
	Kenkrantz	833333	0	0	0	0	0	0	0	0	Removed
	Thembalethu	833333	833333	0	0	0	830000	0	0	0	Removed
	Flood damage: Allocation received from Province	16500000	16114425	5000000	7400000	20000	3694425	508797	7408768	23634	31795
	Provision of services Touwerantien (401) units	5,735,816		4,000,000	1,735,816	0	0	4,283,885	0	0	
	Provision of services ERF 325 (904) units	17,340,459	0	7,000,000	0	4,883,817	5,456,842	7,471,710	0	0	
	To ensure quality houses: Quality control of houses constructed	1,600	480	102	216	33	39	106	253	54	

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Performance Indicators - Planning & Housing										
Vote	Performance Indicator	Target 2008/09	Revised Target 2008/2009	Quarterly Targets				Actual		
				30-Sep-08	30-Dec-08	31-Mar-09	30-Jun-09	30-Sep-08	31-Dec-08	30-Jun-08
	Number of informal households rehoused in formal dwellings									
	Backyard shacks	45	45	0	0	0	0	0	0	0
	Formal settlements (Serviced event)	355	160	34	72	11	13	34	72	13
	Number of community meetings held regarding housing projects	16	12	4	6	1	1	4	6	3
	Completed subsidy forms submitted to Province	600	160	30	72	20	8	45	40	111
	Completion of final delivery forms	400	160	30	72	18	13	34	72	13
	Site meetings (Top Structures)	27	24	8	5	2	9	8	5	4
	Project meetings	46	12	3	3	3	3	8	5	7
	Completion of Transfer Documentation (Documentation submitted to Deeds Office)	500	500	125	125	200	50	137	127	272

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Performance Indicators - Planning & Housing											
Vote	Performance Indicator	Target 2008/09	Revised Target 2008/2009	Revised Quarterly Targets				Actual	Actual	Actual	Actual
				30-Sep-08	30-Dec-08	31-Mar-09	30-Jun-09				
HOUSING continued...	Informal settlements: Site Visits										
	Hot spots	1750	1680	420	420	420	420	440	507	503	622
	Routine Inspections	1100	528	132	132	132	132	207	132	258	240
	Inspection of rudimentary services	1350	528	132	132	132	132	207	132	258	240
	Relevant policies to be compiled and implemented in a progressive way										
	Informal Settlement Master Plan	Approval by Council March 2009	Approval by Council June 2009	Internal workshop (including public)	Gather technical data	Finalization of draft	Item to Council for approval	Internal workshops took place	Council approval to take place in final quarter. Gathering of information in process.	Draft Finalized	Will be submitted together with Informal Settlement policy
	Informal Settlement Policy	Approval by Council March 2009	Approval by Council June 2009	Internal workshop & first draft revision	Policy alignment with Informal Settlement Master Plan	Prepare final draft	Council approval	Internal workshop and first draft revision in process	Council approval to take place in final quarter. Policy alignment	Final draft prepared	Sections of policy to be re drafted in line with proposed revision of legislation
	Allocation Policy	Approval by Council March 2009	Submitted to Council June 2009	Internal workshop & first draft revision	Hold Policy Revision sessions	Item to Committee		Internal workshop and first draft revision in process	Internal sessions held.	Item submitted to Council (for information)	-
	Housing Master Plan (Revision) - Subject to the availability of PGWC funding.	Approval by Council March 2009	Completion of first draft (consultants- PGWC)	Hold discussions with PGWC re Nomination on Mun. for BESP	BESP consultants to be appointed in collaboration with the various local authorities	Consultants input into BESP	Await interim report from consultants	Provincial Department of Housing appointed consultants to support 6 identified local authorities to revise the Housing Chapter and plans	Provincial Department of Housing appointed consultants to support 6 identified local authorities to revise the Housing Chapter and plans. First Steering Committee held.	2nd Steering Committee meeting with consultant took place 25 March 2009 (Cape Town)	Report Received

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Performance Indicators - Planning & Housing											
Vote	Performance Indicator	Target 2008/9	Revised Target 2008/2009	Revised Quarterly Targets				Actual			
				30-Sep-08	30-Dec-08	31-Mar-09	30-Jun-09	30-Sep-08	31-Dec-08	31-Mar-09	Actual
TOWN PLANNING, BUILDING CONTROL AND ENVIRONMENTAL MANAGEMENT	Ensure that All Structures within the George Area are Compliant with Relevant Building Standards (Building Control)	1200	Percentage of compliance with all required inspections during development of buildings	75%	75%	75%	75%	147	88%	80%	80%
	Number of Illegal Structures (Identified (Building Control))	600 (marked decrease in occurrences)	600 (marked decrease in occurrences)	75%	75%	75%	75%	157	80%	90%	75%
	Development of an Integrated Human Settlement Plan (All Sections - Co-ordinated by Town Planning) (Subject to the availability of Provincial Funding)	To develop a realistic strategy based on the inputs resulting from the George SDF, Land Audit and PGWC - BEP.	To develop a realistic strategy based on the inputs resulting from the George SDF, Land Audit and PGWC - BEP.	Present Housing Plan and SDF to PGWC for consideration.	Development of a terms of reference in conjunction with PGWC, BEP, Appointment of appropriate consultant	Consultant commence with process.	Process ongoing		Terms of reference drafted & consultant appointed.	Consultants commenced with process (1st draft)	Process ongoing
	Relevant Council Policies and By-Laws to be Compiled and implemented in a Progressive Way (Town Planning, Environmental Management and Building Control)	2	2	Background investigation in process. Study new legislation.	Final Draft Policy to be finalised.	Internal workshop in process	Appointment of consultant to review new legislative requirements	Background investigation in process. Revision of first draft in process. Public participation process to follow in 2nd quarter.	Final Draft Policy prepared and workshoped within department. To be circulated to other departments in 3rd quarter.	Internal workshop in process	Reviewed document submitted to housing and land affairs committee to allow for public participation process 23/05/2009
Assisting Other Municipal Departments/Sections with their Environmental Applications (Environmental Management)		8	8	Background investigation in process	Preparation of Final Draft Policy.	Internal workshop in process	Appointment of consultant to review new legislative requirements	Background investigation in process. Revise House Shop policy to be submitted to Housing and Land Affairs Committee after background investigation is finalised.	Background investigation completed. Final Draft Policy prepared and distributed internally. To be circulated to other departments in 3rd quarter.	Internal workshop in process	Reviewed document submitted to housing and land affairs committee to allow for public participation process 23/05/2009
				Investigation into Development of Environmental Management System (2)	Terms of reference and tender advertised for development of EMS	Obtain DEAT findings	Project put on hold	3	2	Awaits DEAT findings	Project put on hold
	Erf 0614 (Rozenoord) 8 to 10 even	1	1	1	-	Completion of EIA process		1	Ongoing of EIA process	Ongoing of EIA process	Ongoing process
	Erf 7843 (Thembalethu) 8 even	1	1	1	-			1	Commencement of EIA process January - March	Ongoing of EIA process	
Portion 3 of 2/16 (Blanco) 150 even		1	1	1	-	Ongoing of EIA process	Completion of EIA process		1	Completion of EIA process	Ongoing process

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Performance Indicators: Planning & Housing									
View	Performance Indicator	Revised Quarterly Targets					Actual		
		Revised Target (Provisional)	30-Sep-08	30-Dec-08	31-Mar-09	30-Jun-09	30-Sep-08	31-Dec-08	31-Dec-08
PROPERTIES	Erf 11424 (Parkdene)	1	-	-	Completion of EIA process	Item to Council for development proposals subject to PGWC approval	1	EIA process commenced in 1st Quarter (July - Sept)	Completion of EIA process
	Erf 325 (Facelidorp) Stadium Portion	1	-	-	-	Obtain PGWC approval	-	Commencement of EIA process	Commencement of EIA process
	Number of GCOA Permits Issued (Environment Management)	40	80%	80%	80%	80%	8	8	100%
	Number of Community and Consultants Meetings Attended (All sections)	24	0	-	8	8	3	6	10
PROPERTIES	Initiating and Co-ordinating the Development of New Industrial and Residential Townships	George Dam ± 900 units and waterfront	Finalise EIA process	Submit Structure Plan Amendment to PGWC	Obtain PGWC approval	Item to Council for development proposals subject to PGWC approval	75%	75%	75%
	Ensure that the Allocation and Letting of Properties are Handled Effectively and Efficiently	75% of all applications completed in allocated time frame	75%	75%	75%	75%	75%	75%	75%
	Managing Property Leases	95	-	80%	80%	80%	30	30	80%
	1. Tamsui (13)	Tamsui (13)	Draft tender documents and advertising	Bid Evaluation and Bid Adjudication process	Commence with implementation of tender outcome.	Finalise implementation process.	1	Bid Adjudication 18 Recommendations to Accounting Officer for final approval	Implementation of tender outcome in process
PROPERTIES	1. Industrial erven 42	Industrial erven 42	Draft tender documents and advertising	Bid Evaluation and Bid Adjudication process	Commence with implementation of tender outcome.	Finalise implementation process.	1	Bid Adjudication 18 Recommendations to Accounting Officer for final approval	Implementation of tender outcome in process
	1. Gwayeng Eco District	-	-	To be addressed in next adjustment budget	KPI TO BE REMOVED	-	-	-	-
	1. Glenwood 1 erf	Glenwood 1 erf	Draft tender conditions/ documentation	Circularise tender documents to all departments. Call for tenders	Bid Evaluation and Bid Adjudication process	Commence with implementation of tender outcome.	-	Tenders to Bid Adjudication in Feb 09	Bid Evaluation and Bid Adjudication process took place
	1. Multipurpose Centre (Transalben) At erven 41, 402ab	Multipurpose Centre (Transalben) At erven 41, 402ab	Council approval	Draft tender documents	Refer tender documentation to attorneys	Item to Council for approval of tender conditions.	Preparation of tender conditions document	Drafting of tender documents in process	Tender documents referred to attorneys for final approval
PROPERTIES	2. George Riding Club	-	-	KPI to be removed	KPI to be removed	-	-	-	-
	2. Delville Park (85)	Delville Park (85)	Draft tender documents and advertising	Bid Evaluation and Bid Adjudication process	Commence with implementation of tender outcome.	Finalise implementation process.	1	Recommendations to Accounting Officer for final approval	Implementation of tender outcome in process
	2. Lavalla (43)	Lavalla (43)	Draft tender documents and advertising	Bid Evaluation and Bid Adjudication process	Commence with implementation of tender outcome.	Finalise implementation process.	1	Recommendations to Accounting Officer for final approval	Implementation of tender outcome in process
	2. Game 7 erven	Game 7 erven	Investigate feasibility and terms of reference	Item to Council	Item with regard to development proposals to Committee for consideration	Evaluation and assessment of development proposals.	-	Item referred back to Council. Ask for Development	Item submitted to Council
PROPERTIES	Midblock Parking : Cathedral Square (PMD)	Midblock Parking : Cathedral Square (PMD)	servitude registered	Finalise registering of servitude	Deed of Servitude agreement (PGWC)	Registering of servitude (subject to PGWC APPROVAL)	servitude not registered (Still awaits State Attorney approval)	Deed of Servitude agreement (PGWC)	Awaits signed agreement from PGWC
	CBD, Neubank	CBD, Neubank	Finalise acquisition	Complete	Complete	Complete	Acquisition finalised	Complete	Complete
	Greenweide Park	Greenweide Park	EIA in process	EIA DEADP	EIA DEADP	Tender process	EIA in process	EIA process stopped by DEADP	Awaits EIA DEADP approval
	75% of all routine queries handled within 5 working days and resolved within 1 month.	-	-	75%	75%	75%	75%	75%	75%

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Annexure 4.5:

Performance Indicators - Corporate Services										
Performance Indicators - Corporate Services										
Performance Indicators - Corporate Services										
Vote	Performance Indicator	Target 2008/09	30 Sep 08	31 Dec 08	31 Mar 09	30 Jun 09	30 Sep 08	31 Dec 08	31 Mar 09	30 Jun 09
Customer Services	Number of public participation meetings held	4	1	1	1	1	33	3	24	28
	Number of ward committee meetings attended by area managers	0	0	5	5	5	20	38	24	18
	Number of visits to area managers	500	500	500	500		2141	1992	1876	2037
Community and social services	% Utilization of community halls - private %	40% 60%	40% 60%	40% 60%	40% 60%	40% 60%	40% 60%	40% 60%	40% 60%	40% 60%
	Utilization of community halls - official									
Customer care	Number of visits to outside sentra	2000	500	500	500	500	2141	1992	1876	2037

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Performance Indicators - Corporate Services									
Vote	Performance Indicator	Target 2008/09	Quarterly Targets				Actual		
			30 Sep 08	31 Dec 08	31 Mar 09	30 Jun 09	30 Sep 08	31 Dec 08	31 Mar 09
Literacy Programme	Number of participants on literacy programmes	80	80	80	80	80	47	47	134
									57
Human Resources	Number of work related accidents reported	100%	100%	100%	100%	100%	100%	100%	100%
	Skills levies	100%	100%	100%	100%	100%	100%	100%	4%
	Quality of training to provide occupational health and safety service to line directorates	100%	100%	100%	100%	100%	100%	100%	100%

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Performance Indicators - Corporate Services										
Vote	Performance Indicator	Target 2008/09	Quarterly Targets				Actual			
			30 Sep 08	31 Dec 08	31 Mar 09	30 Jun 09	30 Sep 08	31 Dec 08	31 Mar 09	30 Jun 09
	Sound & effective labour relations policies and practices established	100%	100%	100%	100%	100%	100%	100%	100%	100%
	Employee Assistance Programme (EAP)	100%	100%	100%	100%	100%	100%	100%	100%	100%
	Employment Equity Process	100%	100%	100%	100%	100%	100%	100%	100%	100%
	Recruitment and selection of staff for budgeted vacancies	90%	90%	90%	90%	90%	90%	90%	90%	90%
	Leave register updated on a monthly basis	12	3	3	3	3	3	3	3	3
	KPA - Percentage of budget actually spent on implementing workplace skills plan	80% - 100%	80% - 100%	80% - 100%	80% - 100%	80% - 100%	22%	49%	67%	100%
	KPA - The number of people from employment equity target groups employed in compliance with the approved employment equity plan	80%	80%	80%	80%	80%	80%	92%	50%	50%
Information Technology	Downtime	< 5%	< 5%	< 5%	< 5%	< 5%	1.92%	2.53%	0.00%	0.00%
	Response time	90%	90%	90%	90%	90%	100%	100%	100%	100%
Community Halls	Evaluation system for users of halls	100%	100%	100%	100%	100%	100%	100%	100%	100%
	Collaborator	100%	100%	100%	100%	100%	100%	100%	100%	100%
Registry	Response to enquiries with no legal and financial implications	80%	80%	80%	80%	80%	80%	80%	80%	80%

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Performance Indicators - Corporate Services										
Vote	Performance Indicator	Target 2008/09	Quarterly Targets				Actual	Actual	Actual	Actual
			30 Sep 08	31 Dec 08	31 Mar 09	30 Jun 09				
	Application in terms of Promotion of access to Information act	90%	90%	90%	90%	90%	90%	90%	90%	90%
Committee Services	Timeous compilation of agendas	98%	98%	98%	98%	98%	98%	98%	98%	98%
	Timeous compilation of departmental instructions following meetings	98%	98%	98%	98%	98%	98%	98%	98%	98%
	Timeous compilation of resolutions	98%	98%	98%	98%	98%	98%	98%	98%	98%
	Timeous compilation of advertisements pertaining to meetings	90%	90%	90%	90%	90%	90%	90%	90%	90%
Libraries	Number of items borrowed from libraries	680500	650000	160000	160000	16000	171556	167 509	184 131	183 194
	Number of members of libraries	36 200	36 000	36 000	36 000	36 000	37 718	34 474	35 115	35 425
	% membership increase (Youth / adults)	0.5%	0.5%	0.5%	0.5%	0.5%	0.4%	0.1%	1.8%	0.87%
	Aantal uitreikings per personeelid	25000	25000	25000	25000	25000	7148	5583	6349	6 317
	Number of events held by libraries	40	10	10	10	10	12	15	23	11

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Annexure 3.6:

Performance Indicators - Community Safety											
Performance Indicators		Quarterly Targets				Actual		Actual		Actual	
Vote	Performance Indicator	Target 2008/09	30-Sep-08	31-Dec-08	31-Mar-09	30-Jun-08	30-Sep-08	31-Dec-08	31-Mar-09	30-Jun-09	Actual
Public safety	Number of fires attended Person hours	360	90	90	90	90	68	125	175	96	
	Average reaction time attending to fires- urban Average reaction time attending to fires - rural	8-9 minutes / 20 minutes	8-9 minutes / 20 minutes	8-9 minutes / 20 minutes	8-9 minutes / 20 minutes	8-9 minutes / 20 minutes	7-8 minutes / 18 minutes	8 min	8 min 17 min	8 min	
	Number of fire prevention inspections conducted	350	88	88	88	88	31	102	53	79	
	Training of staff in fire fighting	16	4	4	4	4	7	5	6	2	
	Number of road traffic accidents (deaths/major/minor)	800	200	200	200	200	136	38	26	297	
	Number of moving violations	24000	6000	6000	6000	6000	14820	18 925	6254	11 732	
	Number of taxi violations	600	150	150	150	150	124	181	113	881	
	Number of defects on vehicles	800	200	200	200	200	234	267	60	2 396	
	Number of road safety educational events held	10	2	3	2	3	5	4	2	0	
	Number of arrests	400	100	100	100	100	30	44	16	0	
	Number of prosecutions of owners of stray animals	20	5	5	5	5	6	0	0	2	
	Number of animals impounded	100	25	25	25	25	22	1	58	15	
	Disaster management plan in place Revision of disaster management plan	On way to council					100% Complete			100% Complete	

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Performance Indicators - Community Safety										
Vote	Performance Indicator	Target 2008/09	Quarterly Targets				Actual	Actual	Actual	Actual
			30-Sep-08	31-Dec-08	31-Mar-09	30-Jun-08				
	Number of by-law offences	1000	250	250	250	250	746/8	278 / 14	572 / 37	227/6
Road transport	Number of applicants tested for drivers licence	12800	3200	3200	3200	3200	2231	1764	1004	3616
	Number of applicants tested for learner drivers licence									
	Number of driver licences renewals	14000	3500	3500	3500	3500	2117	1312	1686	1465
	Number of vehicle registrations processed	61000	15250	15250	15250	15250	18047	5188	5467	20423
	Number of vehicles tested	1800	450	450	450	450	522	405	492	497
	Increase in LEO's who meet legislative requirements	16	4	4	4	4	25	5	2	2
	Formalise hawking in townships	10	2	3	2	3	2	0	0	0
	Risk analysis and security plan completed	Completed						In process	completed	completed
	Evacuation exercises	10	2	3	2	3	1	0	1	1

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Annexure 3.7:

Performance Indicators - Environmental Affairs												
Vote	Performance Indicator	Target 2008/09	Quarterly Target				Actual	Actual	Actual	Actual	Actual	Actual
			30-Sep-08	31-Dec-08	31-Mar-09	30-Jun-09	30-Sep-08	31-Dec-08	31-Mar-09	30-Jun-09	30-Sep-08	30-Jun-09
Environmental Health	Number of complaints received	600	150	150	150	150	221	94	107	53		
	Percentage of complaints addressed	85%	21%	21%	21%	21%	100%	100%	100%	100%		
	Number of environmental health information sessions held	10	2.5	2.5	2.5	2.5	2	0	2	1		
Public Toilets	Number of routine inspections carried out	120%	30%	30%	30%	30%	45%	118%	255%	117%		
	Public toilets per 10 000 population	0.6	0.15	0.15	0.15	0.15	0.6	0.6	0.6	0.6		
	Number of person hours spend on cleaning public toilets	72000	18000	18000	18000	18000	7080	7080	7080	7080		
Cemeteries	Weed Control	600	150	150	150	150	150	150	150	150		
Forestry	Cubic meter wood harvested	0	0	0	0	0	0	0	0	0		
Beach Areas	Number of person hours spend on cleaning of beaches	7600	1900	1900	1900	1900	1920	1920	1920	1920		
Herolds Bay Camping Site	Number of overnight stays at Herolds Bay camp site	1400	350	350	350	350	7	804	531	74		
Parks	Hectares of alien vegetation cleared	50	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5		
	Hectares of grass cut/ month	5800	1450	1450	1450	1450	1450	1450	1450	1450		
	Number of trees planted	2000	1000	1000	1000	1000	1000	1000	1000	1000		
	Number of trees pruned	5000	1250	1250	1250	1250	900	900	900	900		

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Performance Indicators : Environmental Affairs										
Vote	Performance Indicator	Target 2008/09	Quarterly Target				Actual	Actual	Actual	Actual
			30-Sep-08	31-Dec-08	31-Mar-09	30-Jun-09				
Waste management	% of total waste collected recycled	6%	1.5%	1.5%	1.5%	1.5%	6.0%	6.0%	6.0%	6.0%
	Tons of household refuse collected	31000	7750	7750	7750	7750	8820	8055	8058	8102
	KPA - Percentage of households with access to basic level of solid waste removal	95%	25%	25%	25%	20%	95%	95%	95%	95%
	% of households with weekly refuse collection service	95%	25%	25%	25%	20%	95%	95%	95%	95%
Waste management	Number of person hours spend cleaning streets	240000	60000	60000	60000	60000	60000	6000	60000	60 000
Management	KPA : % of Capital budget spent	90%	25%	25%	25%	20%	4.8%	34%	62%	94.7%
	KPA - The number of people from employment equity target groups employed in compliance with the approved employment equity plan	90%	25%	25%	25%	20%	90%	90%	90%	90%
	Number of municipal buildings disability friendly	5	1	1	1	2	1	1	1	3
	Number of new appointees inline with employment equity plan	90%	25%	25%	25%	20%	90%	90%	90%	90%

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Vote	Performance Indicator	Quarterly Targets				Actual				Actual	
		31-Sep-08	31-Dec-08	31-Mar-09	30-Jun-09	30-Sep-08	31-Dec-08	31-Mar-09	30-Jun-09	31-Mar-09	30-Jun-09
Sport and recreation		70	80	90	95	75	90	90	90	90	90
	Develop sport club and facilities database									90	
		3	3	5	6	3	3	3	3	3	3
	Number of approved contracts with sport clubs									3	
	% utilization of sport facilities	90%	92%	95%	95%	95%	90%	90%	90%	90%	90%
		3	3	6	6	3	3	3	3	3	6
	Number/ % of sport clubs affiliated to sport council									3	
		3	3	6	7	3	3	3	3	3	3
	Number of municipal sport facilities disable friendly									3	
	Sport Development Strategy									1	1

Annexure 3.8:

Performance Indicators - Financial Services										
Performance Indicators - Financial Services										
Vote	Performance Indicator	Target 2008/09	Quarterly Targets				Actual			
			30 Sep 08	31 Dec 08	31 Mar 09	30 Jun 09	30 Sep 08	31 Dec 08	31 Mar 09	30 Jun 09
	KPA - Percentage of capital budget actually spent on capital projects.	100%	26%	52%	78%	100%	15%	18%	75%	78%
	Daily Receipts	100%	100%	100%	100%	100%	100%	100%	100%	100%
	Daily Banking	100%	100%	100%	100%	100%	100%	100%	100%	100%
	Billing prior to last working day of month	100%	100%	100%	100%	100%	100%	100%	100%	100%
	Billing rate	100%	100%	100%	100%	100%	100%	100%	100%	100%
	Owner Property Updated	95%	95%	95%	95%	95%	100%	100%	100%	100%
	Correctness of billing	95%	95%	95%	95%	95%	95%	95%	95%	95%
	Accurate Meter readings	98%	98%	98%	98%	98%	92%	95%	95%	95%

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Performance Indicators - Financial Services									
Vote	Performance Indicator	Target 2008/09	Quarterly Targets				Actual		
			30 Sep 08	31 Dec 08	31 Mar 09	30 Jun 09	30 Sep 08	31 Dec 08	31 Mar 09
	Credit Control: Referral to Engineers	100%	100%	100%	100%	100%	100%	100%	100%
	Handing-over of Debtors	100%	100%	100%	100%	100%	100%	100%	100%
	Credit Control: Trend	98%	98%	98%	98%	98%	98%	98%	98%
Creditors	Payment of Creditors within 30 days	100%	100%	100%	100%	100%	100%	100%	100%
	Sound , authorised expenditure	100%	100%	100%	100%	100%	100%	100%	100%
Salaries	Payment of Salaries	100%	100%	100%	100%	100%	100%	100%	100%
	Salary Related Deductions	100%	100%	100%	100%	100%	100%	100%	100%
Equity	from employment equity target groups employed in compliance with the approved employment equity plan	100%	100%	100%	100%	100%	100%	100%	100%

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Performance Indicators - Financial Services									
Vote	Performance Indicator	Target 2008/09	Quarterly Targets				Actual		
			30 Sep 08	31 Dec 08	31 Mar 09	30 Jun 09	30 Sep 08	31 Dec 08	31 Mar 09
	Balancing General Ledger	Monthly	3	3	3	3	3	3	3
	Bank Reconciliation	Monthly	3	3	3	3	3	3	3
	Treasury Reports	Monthly	3	3	3	3	3	3	3
	Quarterly Reports	Quarterly	1	1	1	1	1	1	1
	Performance Evaluation	Annually			1		-	-	-

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Performance Indicators - Financial Services										
Vote	Performance Indicator	Target 2008/09	Quarterly Targets				Actual			
			30 Sep 08	31 Dec 08	31 Mar 09	30 Jun 09	30 Sep 08	31 Dec 08	31 Mar 09	30 Jun 09
	Annual report of Department	Annually			1		-	-	1%	-
Valuations	Ad-hoc valuations	100%	100%	100%	100%	100%	100%	100%	100%	100%
	Interim Valuations	Quarterly	1	1	1	1	0	0	0	0
	Risk Management: Insurance claims	Quarterly	1	1	1	1	1	0	0	0
	Risk assessment and Risk policy	Quarterly	1	1	1	1	1	0	0	0
Supply Chain Management	Reporting	Quarterly	1	1	1	1	1	0	0	0
Financial Statements	Financial Statements	Annually	1				0	-	-	-
	Cash management and investment policy	Annually						-	-	-
Asset Management	Updating asset register: purchases	100%	100%	100%	100%	100%	100%	100%	100%	100%
	Asset Management: Depreciation	Monthly	3	3	3	3	0	3	3	3
	BUDGETING									
	Budget									
	Tabled Budget	31-Mar			1			-	1	
	Approved Budget	30-May				1		-	-	1

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Performance Indicators - Financial Services										
Vote	Performance Indicator	Target 2008/09	Quarterly Targets				Actual			
			30 Sep 08	31 Dec 08	31 Mar 09	30 Jun 09	30 Sep 08	31 Dec 08	31 Mar 09	31 Mar 09
Valuations	Ad-hoc valuations	100%	100%	100%	100%	100%	100%	100%	100%	100%
	Interim Valuations	Quarterly	1	1	1	1	0	0	0	0
Insurance	Risk Management: Insurance claims	Quarterly	1	1	1	1	1	0	0	0
	Risk assessment and Risk policy	Quarterly	1	1	1	1	1	0	0	0
Supply Chain Management	Reporting	Quarterly	1	1	1	1	1	0	0	0
Financial Statements	Financial Statements	Annually	1				0	-	-	-
	Cash management and investment policy	Annually						-	-	-
Asset Management	Updating asset register: purchases	100%	100%	100%	100%	100%	100%	100%	100%	100%
	Asset Management: Depreciation	Monthly	3	3	3	3	0	3	3	3
	BUDGETING									
	Budget									
	Tabled Budget	31-Mar			1			-	-	-
	Approved Budget	30-May				1		-	-	-

2.2]] directorate corporate services direktoraat korporatiewe dienste



1. INTRODUCTION

The Directorate: Corporate Services renders administrative support to other Directorates and manage the office of Council.

1.1 Administration

The primary role of Council's Administration is to administer the Council Meeting process from creation of the agenda, preparation of the Official Council Minutes through communication of Council decisions to the appropriate persons. It also retains the original Council Minutes of the Municipality. The management, retrieval, storage and disposal of all records of the municipality as well as a reprographic service are administered. Other services include:

Office/Corporate Administration; Language/Translation service; Policy & Research; Information and Communication Service; Telephone Exchange/ Switchboard; Tea/Office Cleaning as well as Council Halls & Client/Customer Services.

1.2 Committee Section

This Section renders an administrative support service to Council and its Committees. The political structures comprise the Executive Mayor and Mayoral committee, Portfolio Committees as well as Ad-hoc Committees. The Executive Mayoral Planning Committee is an Ad-hoc Committee which is scheduled on a Monday where urgent and or the weeks programmes are discussed. Mayoral members and Senior management attend these meetings. The Administrative support Service function of this unit entails the preparation of Council agendas and minutes as well as arranging and scheduling of meetings, including the arrangement pertaining to the meeting venues, the preparation and distribution of agendas and ensuring that minutes are taken at the meetings.

The Executive Mayoral Committees are Section 80 Committees which renders assistance to the Executive Mayor and the Chairperson of each Section 80 Committee is appointed by the latter. The Section 80 Committees consist of the following Committees:

- Corporate and Social Services Committee,
- Housing and Planning Committee,
- Finance Committee,
- Civil and Technical Committee,
- Environmental services Committee
- Electrotechnical services Committee
- Community services Committee

1.3 Auxiliary Services

This Section is responsible for the Management and leasing of Council's Community Halls and Civic Centres, as well as for the arrangement of tea and cleaning services. It also includes the bookings, hiring, letting and preparation of halls which includes the cleansing of offices of the main building, serving of tea and coffee to staff, cleaning of toilets and after hours services at all community halls.

During the 2008/2009 financial year a electronic booking system has been installed and introduced to make it easier for the community to utilise and book the various facility electronically.

1.4 Records Management Administration

This Section is responsible and is entrusted with the core responsibility of managing the Municipality's official records by means of archiving the records, disposing of certain of those records and the transferring of records to the Provincial Archives Repository. It is also responsible for the maintenance, upkeep, distribution and safekeeping of all Council files. This section also manages the internal access to records and serves as a centre for the receipt, distribution and dispatch of correspondence to and from the public, as well as to Councillors with regards to the delivery of agendas, etc.

It is also the entry point for people who requires information in terms of PAJA and PAIA pertaining to access of information. The section also deals with the collaborator system and it includes the Management of all electronic documentation and systems as well as a courier and reprographic services.

All official correspondence received via the public and or business is received by this unit and

distributed to the various department's attention. The role that this department plays in the day to day running of the municipality and the communicative role between the municipality and public is immense especially with regards to complaints, applications queries and other issues which affects the municipality.

1.5 Telecommunication Services

This Section is responsible for the Management of the Municipal telephone exchange system and manages all incoming and outgoing calls. It also provides a support services to all departments. During the 2008/2009 financial year a new VIOP telephonic system has been installed whilst all outside offices including our area offices have all been wireless connected to ensure proper and improve efficiency in communication between departments. It has been argued that wireless technologies are crucial for the future, with particular significance for both the public and private sectors. Mobile and wireless not only offer opportunities for efficiency gains, but also the potential to impact positively on quality of life, knowledge, communications and economic activity, by providing access to services, which has not been possible before. Through this connectivity of the various departments and satellite offices of the municipality by means of wireless connection creates a significant opportunity for the municipality to enhance productivity and to improve service delivery.

The following Wireless links for IT and Telecommunication from the Main building has been installed and configured or is still in the process:

- Law Enforcement
- Traffic
- Fire Brigade
- Libraries
- Thembaletu
- Licensing DEP
- Old Sanlam building
- Tourism Building
- Store
- Electro Technical
- Environmental
- Clinic
- Waterworks
- Civil (other buildings like waterworks etc.)
- Area offices & Halls
- Touwsrante
- Wilderness
- Court

It was imperative that the wireless sites must be up and running to enable an effective implementation of the integration module between all departments.

1.6 Information Technology Section

The Information Technology Section renders an IT and Support service to all departments of the Municipality.

It includes the provision of all hardware and software systems, internet and e-mail support services, network and IT Security support as well as the implementation of the Council's IT Policy.

During the past financial year the IT DISC project was aborted. The disk project refers to the data integration sharing and communication project. Since the Disc project were aborted, an IT Manager was appointed to drive the IT Department. This led to various positive "spin-offs".

The Disc Project team were contracted to the Municipality to integrate the various systems. This, however did not materialised as the original project team only concentrated and tried to address councils financial system, SAMRAS whilst certain other IT related systems were not seen as priority. Since then the following has been implemented:

- (LAN) Network Infrastructure has been secured and upgraded from 100mb to 1GB.
- E-mail and Internet Routers has been upgraded from 1mb to 4mb
- DRP- Installation of fireproof server cabinets in the server room.
- All IT registers were put in place. (Electronic Software & Hardware Registers)

- Environmental Registers addressed with necessary Departments (Aircon, Fire ext., Generator, UPS Registers etc.)
- Ups & Generator powered Plug System
- Implementation of a secured Wide area network. (WAN)
- The ITC Policy was amended and a new DRC policy was implemented.
- New DRP Plan was implemented.
- A 3G Top-up was implemented to avoid overspending by the councilors.
- Savings on data lines
- The installation of Collaborator modules was installed.
- Installation of virtual servers Software to avoid our servers to run out of space.

1.7 IT Helpdesk

- With the implementation of new and advance helpdesk software the IT Department is moving to the next level and will be capable of doing the following:
- The Helpdesk can operate parallel with the Disaster recovery plan as a tool to inform Users about disasters (fire, IT, Water etc.) It can compile and document emergency procedures with regard to informing users/clients of a disaster situation and keep a copy offsite as well.
- Vital SMS's can have their origin from the helpdesk.
- Entry point for all technology related enquiries.
- Logging of all calls for the proper IT performance management monitoring as required by the auditors
- Advance monitoring of all software and hardware on George Municipality inventory. (That means we will have in our possession Legal Software and no one will be able to tamper with hardware)
- The Helpdesk environment was one of the risks pointed out by the assessment.
- Zabbix was also acquired to monitoring of all network related hardware connections. (Cable, Wireless, VPN, Printers etc.)
- We will be able to monitor a connection that is down to streamline continuity.
- The IT Department has a asset management program as required by the PFMA
- Public Finance Management Act states: 'Failure to comply with certain sections of the act such as the maintenance and safeguarding of assets can result in criminal prosecution'

1.8 Wireless Network

The Implementation of a wireless networks at the George Municipality are for the Wide Area Networks (WAN), connecting Outside Departments on critical servers like Samras, collaborator and email accounts, internet, IMQS, TRAFFIC at a minimal cost. Wide area networks are a platform for the integration process.

1.9 Disaster recovery

Disasters are no longer regarded as random and unpredictable events; they are statistical probabilities. Preparation for a disaster is integral to Good Governance. The process for the business continuity at Electro Technical (Disaster Recovery site) is 90% completed. A Disaster Recovery Plan was drawn up by SITA for George Municipality as requested by the audit report. Critical and vital organizational information is kept at the disaster recovery site.

1.10 Integration Project

It was perceived that the municipality discontinue with the Disk project based on the following:

- The KPMG report pointed out that it will be more costly to continue with the project.
- A saving on the Yearly License fee of R300 000.00 as required by Oracle.
- The economic crisis also affected the municipality as a further R8 million is required to complete the disk project. The 2009 budget for the Disk project was cut by a third, which meant that the only realistic option was to go with Collaborator which had a proven track record with most of the municipalities in the Eden district.
- Some of the major integration processes of the Disk Project were put in place within this year. The following modules were identified as a solution to the Disk Project contingency plan and are implemented or are in the implementation process:
 - Communications Management
 - Correspondence Management

- Committee & Decision Management
 - Citizen Relationship Management (Customer Care)
 - Supply chain management
 - Traffic Records
 - Venue Management
 - Planning & Housing Management
 - Requisition & Contract Management
 - HR Records
- These processes will bring about a cost saving on paper as documentation will be managed electronically.
 - A new SharePoint Collaborator Interface is in the process to be implemented at George Municipality
 - The GIS processes will also be addressed by IMQS which will form part of the integration process. Business Engineering and IMQS will be integrated. There is a real drive for the integration of Samras and Collaborator.
 - The integration with Samras is also possible due to the new Samras-SQL version, due to be rolled out soon. No decisions will be made without the input of the Finance Department. There will obviously be suitable support as was and still is the case of Samras DB4. Limited downtime is predicted for change over, although testing at the moment is a challenge. Samras DB4 integration with Collaborator is also possible. The possibility of a SQL Repository solution was mentioned by Samras.

The following items were investigated due to the fact of the Disk projects failure to materialize.

- Integration of applications in the municipality should exist to support the business processes of the municipality. A process/application assessment was conducted on George Municipality and feedback was provided in the form of a survey document. The purpose of the document was to do an assessment of the information architecture (Application/Business Processes) of the Municipality.
- An assessment was also performed by an Independent Company (Oracle Certification) on the status of the Disk Project to report if it will be feasible to continue with the process.
- After the Disk project had been stopped, it was a priority to put new processes in place. New applications as well as shelf programs were investigated at other municipalities/companies for the integration process to be continued. After a lot of planning, site visits and brainstorming it was established that some processes of Collaborator will be the best suitable replacements for some of the processes of the Disk project.
- These processes were presented to the I.T. Steering committee for approval.
- The wide format scanner and printer with their dedicated pc (All in One Wide format solution) were procured from Minolta to address the planning module.

1.11 Customer Services

The Customer Services Section is responsible and deals with complaints, enquiries and renders a support service regarding the provision of services to communities. It ensures that the Batho Pele Principles are adhered to and are implemented. This section also renders an administrative service to the Ward Communities in co-operation with the Community Development Warders (CDW's).

1.12 Ward Committee

The White Paper on Local Government ushered a new concept known as developmental local government into the sphere of local government. Basically it means local government is

committed to work with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs and to improve the quality of their lives.

Representative government is complimented by the right of communities to participate in the decisions that affect development within their areas, and there is a duty on municipalities to encourage community participation in matters of local governance. There are 3895 wards demarcated within the six metropolitan municipalities and 231 local municipalities in South Africa.

George currently have 20 wards. These wards form the basic units for participatory and democratic local government. Ward Committees are established for each ward and consists of the elected ward councillor and additional members nominated from the community. This makes a large base of people that could promote community representation and public participation.

1.13 Translation Services

The Directorate is also responsible for translation Services and ensures that Council agendas comply with the Council and the National and Provincial language policies.

1.14 Libraries

The Department renders and is responsible for Library Services to the broader George Community in terms of their cultural, educational and recreational needs.

1.5 Human Resources

The Directorate is responsible for ensuring that the organisation's most valuable asset, its employees, is taken care of.

Enhanced staff performance is fundamentally part of the achievement of the municipality's primary service delivery objectives. The municipality continually strives to promote a culture of good governance and an environment where the needs of employees can be addressed in a manner that is conducive for the persistent advancement of the interests of our local communities.

The Human Resources functions include, but are not limited to, administration of employee benefits, recruitment of competent staff, employment equity, training and development of staff, sound labour relations, occupational health and safety and the general support services to enhance staff capacity in the process of realising organisational strategic objectives of service delivery to the community.

Looking back at the 2008/09 financial year, we are pleased to report that the overall performance of the department, in supporting and servicing the other departments has met expected levels. However, we are well aware that we continue to face considerable challenges. We are confident that we are well positioned to meet these challenges head-on in the coming financial year.

I wish to extend my deepest gratitude and thanks to my colleagues for their constructive contribution, dedication and devotion to their tasks. It is much appreciated.

Performance indicators for the year under review, are as follows:

Service Delivery Unit : Policy IDP

Key Performance Areas and Objectives covered by service(s)
Finance

Overview of services provided and narrative on performance for the year

Plan of IDP

Public participation sessions held in March, April and October.

Performance Indicators	2007/2008 Actual	2008/ 2009 Actual
Number of public participation meetings held	22	88
Scheduled meetings realised	100%	100%

Service Delivery Units: Customer Services

IDP Key Performance Areas and Objectives covered by service(s)
 Governance: Communication; Informing the general public.

Overview of services provided and narrative on performance for the year

Informing the public about all municipal services and enhancing public participation.

Concentrate on the improvement of service delivery and problem solving.

A total of 2700 visits by the public to the three area managers were recorded during the 2008/2009 year.

Service Delivery Units: Library: Caledon Street, Branch Libraries

IDP Key Performance Areas and Objectives covered by service(s)
 Education, Health and social services.

Overview of services provided and narrative on performance for the year

To provide an effective and efficient service to assist the community's informational, cultural, educational and recreational needs.

Major Capital Projects Completed in 2008/09 (if applicable)

Air conditioner - George Library-	R 80,000.00
CD Repair Machine -	R 16,000.00
Fence - Thembaletu Library -	R 15, 604.87
Curtains - Pacaltsdorp Library -	R 25,000.00
Office machines -	6733.85
Security Gate - Conville -	R170,000.00
Chairs - Main Library -	1597.65

Performance Indicators	2007/2008 Actual	2008/2009 Actual
Number of items borrowed from libraries	694987	739685
Number of members of libraries	37156	36750
% membership increase(Youth / adults)	+ 0,12%	+ 0.14 %
Aantal uitreikings per personeellid	38129	85729
Number of events held by libraries	60	60

Service Delivery Units: Pacaltsdorp, Thembaletu, Blanco, Conville and Touwsrante, Maintenance, Commonage & Sidings and Civic Centre.

IDP Key Performance Areas and Objectives covered by service(s)
 Recreation, Sport and Tourism / Recreation Facilities

Overview of services provided and narrative on performance for the year

To provide the community with recreational halls and to equip and maintain these halls.

Major Capital Projects Completed in 2008/2009

	<u>Original Budget</u>
General -	463,000.00
Light motor vehicle -	200,000.00

Furniture and fittings	-	93,000.00
Office machines	-	25,000.00
Tables & desk - Corporate Services	-	21,921.59
Chairs - Corporate Services	-	38,977.31
Safety door and Burglar Bar	-	25,000.00
Replace carpets - Corporate Services	-	31,683.79
Miscellaneous Furniture - Corporate Services	-	4028.65
Office equipment	-	145,000.00

Buildings:

Touwsranten Community Hall	-	15,000.00
Chairs & Tables - Touwsranten Hall	-	15,000.00
Stoves	-	12,538.76
Stage Spotlights - Pacaltsdorp Hall	-	10,588.64
Civic Centre	-	425,000.00
File Optimizers: Registry	-	15,000.00
Revamp Human Resources & Switchboard	-	200,000.00
Sound System	-	160,000.00
Upgrade of Pacaltsdorp Area Office	-	52,606.61
Shelves - Corporate Services	-	60,294.56
Stoves	-	50,000.00
IT & Telecommunication	-	2,000,000.00
Wireless Network - Law Enforcement	-	30,769.04
Wireless Network - Sanlam Building	-	19,785.78
Wireless Network - Main Library	-	11,037.28
Back-up server - Software	-	69,353.00
Integrated Telephone System	-	2,000,000.00
Task Software Program	-	35,000.00
Blanco Community Hall	-	60,000.00
Extension Blanco Hall - Area Coordinator	-	60,000.00
Conville Community Hall	-	23,460.97
Stage Spotlights - Conville Hall	-	14,308.94
Replace Curtain Rail - Conville Hall	-	24,038.12
Lawaaikamp Community Hall	-	150,000.00
Curtains - Lawaaikamp Hall	-	65,125.00
Chairs & Tables - Lawaaikamp Hall	-	150,000.00

Rosemoor Community Hall	-	230,000.00
Stage Curtains-Rosemoor	-	50,000.00
Storeroom - Rosemoor Hall	-	180,000.00
SUB TOTAL	-	<u>R3,634,000.00</u>

Performance Indicators	2007/2008 Actual	2008/2009 Actual
Utilization of community halls - private	66.45%	1462
Utilization of community halls - official	33.55%	478
Other: Income	R 318 825,59	R377 531,33

Service Delivery Units: Council General, Councillors, Office of the Executive Mayor

IDP Key Performance Areas and Objectives covered by service(s) Governance

Major Capital Projects Completed in 2008/09 (if applicable)

Performance Indicators	2007/2008 Actual	2008/2009 Actual
% of skeduled meetings realised	93%	127
Number of agenda's distributed		
Number of agenda's distributed on time	177	2015
Number of minutes of meetings distributed		
Number of minutes of meetings distributed on time	136	35
Computerizing of archive system % of items scanned	100%	100%

Service Delivery Units: Administration, Switchboard

IDP Key Performance Areas and Objectives covered by service(s)
Governance

Overview of services provided and narrative on performance for the year

Performance Indicators	2007/2008 Actual	2008/2009 Actual
Number of calls received (switchboard)	245 855	269 133
Other: Local: Outgoing calls	47 150	151 200
National	18 146	55 512.31
Cell	229 111	722 719.59
Share calls	15 518	1 142.35

Service Delivery Units: Human Resources

Overview of services provided and narrative on performance for the year

HR Administration

The Administration section ensures the consistent interpretation and application of agreements and policies related to Human Resources (HR). Where new conditions of service were introduced, comprehensive workshops were held with Departments to inform them of changes. Management and staff are free to enquire regarding any aspect of implementation and assistants will be given readily. Employment Equity (EE) remains a challenging aspect. The organisation as a whole attained 85.84% of appointments &/promotions within EE targets. That is 97 out of 113 EE-related appointments. 979 Of these appointments are internal employees who were promoted to higher positions.

The near-complete job evaluation system, TASK, meant that a greater degree of parity could be achieved with regard to remuneration. Back-dated salary corrections were made for this financial year. The re-grouping of T-grades as opposed to the old van der Merwe post levels has influenced reporting to various government departments and internally. A full implementation of TASK has not yet been achieved due to certain aspects requiring additional consultation and negotiation.

The Administration section continuously strives to equip its staff with broad HR skills and knowledge in order to service internal and external customers at a high level.

HR Development

The Adult Basic Education and Training program commenced in 1993 and has since grown into a fundamental tool that ensure continuous development of Human Capital.

Education as a fundamental Human Right has been adhered to and the Adult Basic Education and Training program, like any other initiative, also faced challenges. One of the pressing challenges was the venue. The Congregational Church in Pacaltsdorp has agreed to lease the premises to George Municipality. The Adult Basic Education and Training program successfully delivered in terms of their pass rate.

The financial year 2008/09 can be described as watershed, due to the development of an awareness between both employer and employee of the important role that Adult Basic Education and Training has and will play in the future development of the George Municipality and in meeting it's strategic Intergrated Development Plan objectives.

Performance Indicators	2007/08 Actual	2008/09 Actual
NUMBER OF PARTICIPANTS		
ABET Level 1	7	5
ABET Level 2	11	4
ABET Level 3	11	3
ABET Level 4	33	29
ABET Xhosa Class	31	39
TOTAL	93	80

Labour Relations were outstandingly committed to the tasks in shaping employees to deliver services. We were challenged with the need to provide awareness programmes to employees to enable them to understand their role and what is expected of them by the employer. These awareness sessions about policies applicable to employees as well as prompt but drastic disciplinary action against any form of misconduct have cemented the employer's stance of high level of discipline expected from employees.

The occupational Health and Safety sub section was hard at work to ensure that employees perform their duties safely in a safe environment. The level of employee safety was raised through Training and awareness exercises. The Occupational Health and Safety Audit or star-grading was conducted at the beginning of 2009 which cement the sub-sections commitment to reduce hazards and risk in the workplace. This process has brought to light specific focal areas that need to be dealt with to ensure that the working environment is safe. Safety representatives were elected for all departments in line with the OH&S Act , safety is now every person's business and is set to improve for the better.

Performance Indicators Included in 2006/07 Annual Report	2007/08 Actual	2008/09 Actual
OUTCOMES OF DISCIPLINARY HEARINGS		
Verbal warning	0	0
Written warning	4	1
Final written warning	8	17

Performance Indicators Included in 2006/07 Annual Report	2007/08 Actual	2008/09 Actual
Suspended without pay	5	2
Correctional counselling	1	1
Demotion	0	0
Fine	0	0
Dismissal	9	20
Transfer	1	1
TOTAL	28	24

TYPES OF MISCONDUCT		
Bribe	1	0
Damage of council's property	1	3
Misuse of council's property	1	1
Insubordination	1	3
Use of intoxicants	10	4
Unauthorised absence	13	6
Fraud	2	2
Sexual harassment	1	1
Assault	0	2
Theft	15	14
Other	15	6
TOTAL	46	42
SUSPENSIONS		
Number of suspensions	14	3
OCCUPATIONAL HEALTH AND SAFETY: INJURIES ON DUTY		
Received medical attention only	68	55
Temporary disablement	21	56
Permanent disablement	0	0
Fatalities	0	0
Total	89	111
Number of skills development courses	32	15
Number of employees attending courses	328	228

Policies Approved:

Safety, Health & Environmental (SHE) Policy
Personal Protective Equipment (PPE) Policy

The EAP section is responsible for the well being of employees and relatively the immediate family. Roadshows were implemented to inform staff of the EAP

Peersupporters from different departments render services within their sections. HIV testing were also done. Cancer-awareness, alcohol & drug awareness, debt-review assistance. Ad-hoc serves are rendered daily.

The employer is kept up to date with the progress of the employee.

A group of employees partook in a very successful event organized by the Cancer Association - **CANCER RELAY FOR LIFE of 2009.**

2.3]]

**directorate civil &
technical services**
direktoraat siviele &
tegniese dienste



| annual report 2008
/ 2009

1. INTRODUCTION

This Department is responsible for the provision and maintenance of streets, storm water drainage, water distribution, water purification, sewer network and sewage purification.

Achievements:

The Department Civil Engineering Services received various awards for achievements on several projects, as well as service delivery excellence, and more. Herewith a layout of the achievements:

IMESA / CESA Excellence in Municipal Engineering Award 2008 - Winner in the Environmental Category for Re-Commissioning of the Kaaimans Raw Water Pumpstation;

WILSON Award - Water Institute of Southern Africa Biennial Conference 2008 award for the Outeniqua Wastewater Treatment Works managed by Johan Scheepers for the best medium size waste water treatment works in the country;

IMESA Congress - Finalist for the best EPWP project in the country;

IMESA Congress - Finalist in the Public Works Program for the building of streets and pavements through labour intensive methods;

IMESA Congress - Finalist in the Rehabilitation of the Touwriver Pipeline Project in the water and sewer category;

IMESA Congress - Finalist in the Environmental category for the Touwriver Pipeline project;

BLUE Drop Status - DWAF rewarded the George Municipality with Blue Drop status, being one of the 22 Municipalities who received status out of 284 Municipalities in SA;

GREEN Drop Status - DWAF rewarded the George Municipality with Green Drop status, being one of the 7 Municipalities who received status out of 284 Municipalities in SA;

Blue Drop Award - Winner of Excellence in a Medium System;

GREEN Drop Award - Winner of Excellence in a Medium System.

This Department is primarily involved in working towards the following Key Performance Area:

GOOD INFRASTRUCTURE AND SERVICES

STRATEGIC OBJECTIVES

Water and Sanitation	Water infrastructure managed and maintained to provide a level of service to all customers in accordance with National guidelines and to ensure safe drinking water for all. Sanitation infrastructure managed and maintained properly in order to provide adequate and efficient services to customers, at the same time ensuring that there is no negative impact on the environment.
Water Resources	Water resource management in a sustainable and environmentally acceptable manner to ensure that the water requirements are met for current and future needs.
Streets, Storm Water	Proper, cost effective maintenance of existing street, storm water and pavement infrastructure, upgrading of gravel streets to tar streets and a reliable storm water system in place and maintained.

SERVICE DELIVERY UNIT : SEWERAGE : MAIN PIPES & PUMPSTATION

IDP Key Performance Areas and Objectives covered by service(s)

Good infrastructure and service delivery:

Sanitation infrastructure managed and maintained properly in order to provide adequate and efficient services to customers ensuring at the same time there is no negative impact on the environment.

Overview of services provided and narrative on performance for the year.

Provision of sewer systems

Ensuring that the functionality of the system is 100%.

Performance Indicators	2007/2008	2008/2009
New house connections in year	104	241
Mains cleared (M)	5,540m	6124m
bSewer blockages opened	3,034	3,211
Manholes repaired	101	117
Pipeline breakages repaired	189	203

Major Capital Projects Completed in 2008/09

- George reticulation rehabilitation
- Thembaletu Emergency Pipeline
- Victoria Bay Pumpstation & generator
- Welgelegen Pump Station
- Erf 325 External
- Erf 325 & Touwsrante Housing projects

SERVICE DELIVERY UNIT : SEWERAGE : WATER POLLUTION CONTROL

IDP Key Performance Areas and Objectives covered by service(s)

Good infrastructure and service delivery:

Water Pollution Control Works managed and maintained properly in order to provide adequate and efficient service to customers, at the same time ensuring that there is no negative impact on the environment, and that effluent produced is compliant with DWAF standards.

Overview of services provided and narrative on performance for the year

Outeniqua, Herold's Bay and Kleinkrantz purification works effluent comply with the Water Act. Gwaiing works also do comply after the upgrading since middle December 2008.

Major Capital Projects Completed in 2008/2009

- New Laboratory build
- Upgrading of Gwaiing Waste Water Treatment Works completed.

Performance Indicators	2007/2008	2008/2009
Kl of sewerage purified	5,467,000	7 103716

Service Delivery Unit : Streets and Storm Water

Proper, cost effective maintenance of existing street, storm water and pavement infrastructure, upgrading of gravel streets to tar streets and a reliable storm water system in place and maintained.

Overview of services provided and narrative on performance for the year

Maintenance of streets and storm water systems.

Major Capital Projects Completed in 2008/09 (if applicable)

- Paving of roads by means of labour intensive methods
- Flood damage repairs
- Construction of Rosemore/Protea Park Road link
- Rebuilding and Resealing of Roads
- Mobility Strategy road upgrades
- Union/Hope Street Phase 3
- Robots and Intersections Phase III
- Upgrading Sandkraal Road
- Sandkraal Road paving and area upgrade
- Erf 325 & Touwsrante Housing Projects
- Beach Road Phase III
- N2 / York corridor Phase I

- Tamsui Stormwater Phase I
- Temporary Bus Depo (George Molibity Strategy)

Performance Indicators	2007/08	2008/09
% of households with access to storm water service	75	75
Km of gravel streets upgraded to permanent surface	9.5km	5,2km
Km of tarred roads requiring repair to prolong their life	55km	60km
Km of tarred roads resealed	16.8km	35km
Jobs created (Public Works Programme)	330	550
Rebuilding of streets	1.3km	5km

SERVICE DELIVERY UNIT : WATER PURIFICATION & BULK DISTRIBUTION

IDP Key Performance Areas and Objectives covered by service(s)

Good infrastructure and service delivery:

Water infrastructure and Purification Plants managed and maintained properly in order to provide adequate and efficient service to customers.

Overview of service provided and narrative on performance for the year.

To purify water according to SANS 241:2006.

To ensure water of a good quality to the consumer.

Performance Indicators	2007/2008	2008/2009
Average household water purified per day (M/l)	33 131	33,743
% of water losses through purification	4,54%	5,87%
% of water losses through network	7,29%	7,66%
Kl of water purified	12,092,647	12,316,122
Kl of water distributed	11,211,266	11,372,471

Major Capital Projects Completed in 2008/2009

- New back-up generator at WTW
- Rehabilitation of WTW – phase 1 commenced
- New pumps for Touwsrante water pumpstation

SERVICE DELIVERY UNIT : RAW WATER RESOURCES

IDP Key Performance Areas and Objectives covered by service(s)

Good infrastructure and service delivery:

Ensure raw water resources managed to ensure sustainable provision of water in an environmentally responsible manner, that will accommodate current and future needs.

Overview of service provided and narrative on performance for the year.

To operate raw water resources ensuring compliance with DWAF license and extraction rights.

To ensure sufficient water to the consumer.

Performance Indicators	2007/08	2008/09
Swart River licensed use (Ml/day) - 22090782	30,000	34,584
Touw River licensed use (Ml/day) - 22061180	1,700	1,023

Major Capital Projects Completed in 2008/09

- Upgrading Pump Station No 1 - Phase 2 commenced
- Kaaimans River Pumping Scheme completed
- Touw River raw water pipeline completed

SERVICE DELIVERY UNIT : WATER DISTRIBUTION

IDP Key Performance Areas and Objectives covered by service(s):

Good infrastructure and service delivery:

Water infrastructure managed and maintained properly in order to provide adequate and efficient services to customers.

Overview of services provided and narrative on performance for the year:

Maintain 732km of pipeline varying in diameter from 50mm to 800mm.

Maintain 25,608 Water meters.

Performance Indicators	2007/08	2008/09
Length of pipeline replaced	7 125m	7 398m
Pipeline replaced (Rm)	2.5	4.08
New consumers connected:		
Formal developments	489	221
Informal developments	201	307
Maintenance:		
Burst water mains	227	245
Sluice valves	31	18
Fire hydrants	55	27
House connections	2 305	2 255
Water meters replaced	1 029	435
KPA -		
Percentage of households with access to basic level of water	95%	95%
Number of new water connections	400	500

Major Capital Projects Completed in 2008/09

- Blanco Pipeline
- Erf 325 & Touwsrante Housing Projects

SERVICE DELIVERY UNIT : PLANNING AND BULK INFRASTRUCTURE : WATER, SEWER, ROADS AND STORMWATER

IDP Key Performance Areas and Objectives covered by service(s):

Good Infrastructure and Services:

Bulk water and sewer infrastructure planning, upgrading and extension in order to ensure efficient and continued supply and service delivery.

Overview of services provided and narrative on performance for the year:

Upgrading of existing infrastructure, and the construction and installation of new services in order to meet and make provision for growing demands.

Major Capital Projects in 2008/09 (WATER)

- Malgas Dam EIA Study
- Water Works Fase 2
- Upgrading Pumpstation 1A
- Western Water Supply Line
- Raising Garden Route Dam
- Malgas Pumping Scheme
- WTW - Phase 2 - rehabilitation
- Saasveld Pumpstation

Major Capital Projects in 2008/09 (SANITATION)

- Pacaltsdorp Reticulation
- Upgrading Pumpstations
- Wildernis Phase 4

Major Capital Projects in 2008/09 (ROADS & STORM WATER)

- N2 York Street Bridge Extension
- Sandkraal Phase II
- Pine/Witfontein Rd fase 1 & 2
- George South Stormwater
- EIA's & Planning (in progress)
 - Southern Arterial
 - Plattner Boulevard extension
 - Rand Street extension
 - Kraaibosch Roads
 - Victoria Bay/Kraaibosch Roads
 - Mobility Strategy : Permanent Bus Depo : Inter-urban terminus
 - Langenhoven / Blanco corridor
 - Comprehensive Integrated Transport Plan (CITP)
 - George Stormwater Masterplan
- Tamsui Stormwater Phase 2 commenced

SERVICE DELIVERY UNIT : PLANNING AND BULK INFRASTRUCTURE : PUBLIC TRANSPORT

IDP Key Performance Areas and Objectives covered by service(s)

Good infrastructure and Services:

Public Transport strategy in place. George Mobility Strategy in planning phase. George Mobility Strategy Infrastructure Projects implemented. Phase 1 of Sandkraal Mobility Route completed.

Overview of services provided and narrative on performance for the year

Sandkraal Mobility strategy commenced (3 year project)

George Mobility strategy in planning phase

George Municipality compiling a Comprehensive Integrated Transport Plan (CITP)

Major Capital Projects Completed in 2008/09 (if applicable)

- Mobility Strategy road upgrades
- Temporary Bus Depo (George Molibity Strategy)

SERVICE DELIVERY UNIT : PLANNING - LAND DEVELOPMENT

IDP Key Performance Areas and Objectives covered by service(s)

Good Infrastructure and Services:

Water, sanitation, roads and storm water infrastructures managed and planned.

Overview of services provided and narrative on performance for the year

Process and approve private land development applications with the provision of civil services. Ensure that adequate civil services are provided by private developers in line with standards acceptable to the George Municipality. Ensure that private developments fully finance all civil service requirements of the new development.

Municipal land developments : approve municipal low cost housing and other developments in respect of infrastructure

Major Capital Projects in 2008/2009

Erf 325 low cost housing project commenced

Touwsranten low cost housing project commenced

Performance Indicators	2007/08	2008/09
Number of private land development applications and applications for purchase of municipal property etc.	868	1 095
Building plans approved	100%	100%

SERVICE DELIVERY UNIT : MIG PROJECTS

IDP Key Performance Areas and Objectives covered by service(s)

Provision essential services for the greater George community.

Overview of services provided and narrative on performance for the year

Manage MIG projects and grant funds and provide regular feedback on project status and progress. Ensure business plans are completed and submitted timeously in order to secure MIG funding for future planned projects. Ensure spending is in accordance with cash flows, and that project are completed within budget and to acceptable standards.

Major Capital Projects in 2008/2009

Gwaling WWTW Rehabilitation

Performance Indicators	2007/08	2008/09
MIG Funds received and spent.	R13,286,561.00	R15,355,586
Number of MIG registered projects	3	3

1	Taljaard, R	01-Sep-08	Roads	Only Rehab, Reseal & Upgrade costs + New added
1	Honey, H	29-Sep-08	Water & Wastewater Treatment Works	Populate Data
1	Japie van Eeden	13-Nov-08	Full File	Correlate

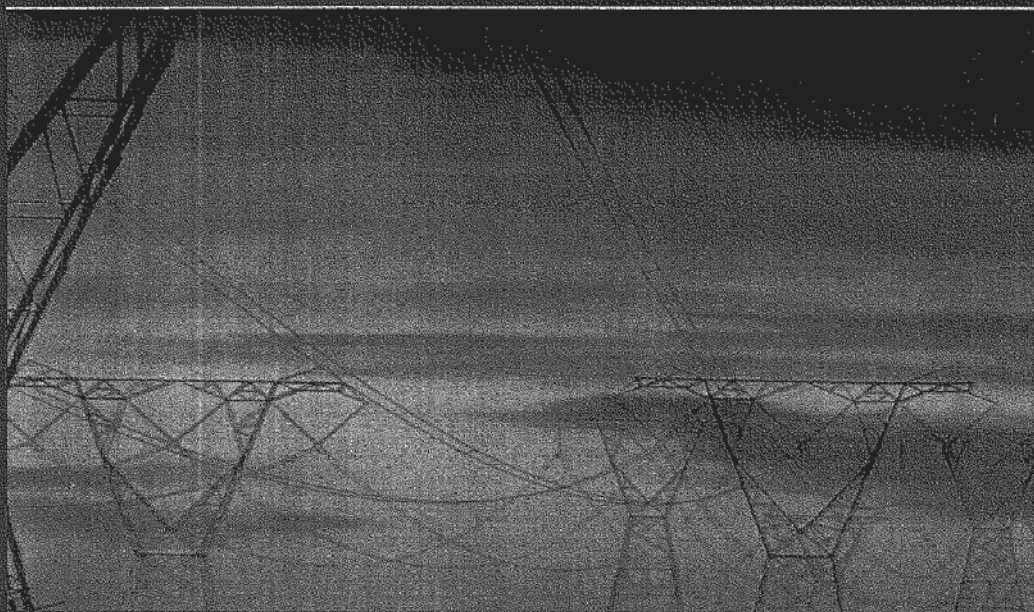
1.1 Contact Persons

NO	SURNAME	INITIALS	TITLE	ORGANISATION	POSITION	TELEPHONE CODE 044	E-MAIL
1	de Swardt	F	Mr	George Municipality	Mayor	801 9111	Msecretary@george.org.za
2	Africa	C	Mr	George Municipality	Municipal Manager	801 9111	cmafrica@george.org.za
3	Vermaak	E	Adv	George Municipality	Deputy Municipal Manager	801 9111	etienne@george.org.za
4	Fourie	L	Mr	George Municipality	Chief Financial Officer	801 9111	Lhfourie@george.org.za
5	Basson	H	Mr	George Municipality	Senior Manager: Civil & Technical Services	801 9111	harold@george.org.za
6	Mooiman	L	Me	George Municipality	Asst Senior Manager: Civil & Technical Services	801 9111	lindsay@george.org.za
7	Erasmus	S	Mr	George Municipality	Senior Manager: Planning & Housing	801 9111	steven@george.org.za
8	Carstens	S	Mr	George Municipality	Asst Senior Manager: Planning	801 9111	stiaan@george.org.za
9	Peterson	C	Mr	George Municipality	Town Planner	801 9111	clinton@george.org.za
10	De Beer	T	Mr	George Municipality	Asst Senior Manager: Housing	801 9111	thys@george.org.za
11	Riddles	E	Mr	George Municipality	Acting Senior Manager: Corporate Services	801 9111	earle@george.org.za
12	Smith	A	Mr	George Municipality	Senior Manager: Environmental Services	801 9111	AJSmith@george.org.za
13	Beeka	D	Mr	George Municipality	Senior Manager: Community Services	801 9111	daniel@george.org.za
14	Grunewald	K	Mr	George Municipality	Senior Manager: Electro Technical Services	801 9111	kevin@elec.george.org.za
15	Jansen	H	Mr	George Municipality	Manager: Water & Sewer reticulation	801 9111	henry@george.org.za
16	Goliath	F	Mr	George Municipality	Manager: Water treatment works	801 9281	goliathfred@gmail.com
17	Scheepers	J	Mr	George Municipality	Manager: Wastewater treatment works	878 1577	Johann@george.co.za

1.2 Reference Documents

Number	Title	Author(s)	Organization
1	Financial statements for 2005/2006	L Fourie	George Municipality
2	Financial statements for 2006/2007 and 2007/08-08/09	L Fourie	George Municipality
3	Budgets	L Fourie	George Municipality
4	Integrated Development Plan	M Gratz	George Municipality
5	Local Economic Development plan	E Opperman	George Municipality
6	Water Services Development Plan (WSDP)	J Human	Kwezi V3
7	Assessment of the roads and transportation infrastructure	R Taljaard	V&V
8	Assessment of the electrical infrastructure	-	George Municipality
9	Staff structure	C Prinsloo	George Municipality
10	Performance agreements for Section 57 employees	C Africa	George Municipality
11	Municipal Demarcation Board Assessment	Council	George Municipality
12	Spatial Development Framework	S Carstens	Octagonal/WM de Kock
13	Water Master Plan	Jurie vd Merwe	CES
14	Sewer Master Plan	Jurie vd Merwe	CES
15	Roads Master Plan	B Phillips	Kantey & Templer
16	Integrated Waste Management Plan		Kwezi V3
17	Bulk Water Supply Planning	A Shelley	Ninham Shand

2.4]]
directorate
electrotechnical
services
direktoraat
elektrotegniese dienste



J. annual report 2008 - 2009

INTRODUCTION

The Electrotechnical Services Directorate is responsible for the provision of the Electrotechnical and Mechanical services in George. This includes transmission, distribution, reticulation, street lighting, traffic signals, etc, fleet management and mechanical maintenance. The Directorate purchases electricity from Eskom at 66 000 V and distributes it at 66 000 and 11 000 V.

OUR VISION

To build on our position and reputation as the leading Electrical Utility in the distribution industry.

OUR MISSION

To provide a quality, safe environmentally friendly and continuous supply of electricity, with a skilled staff complement, to all the consumers in the George area of supply, by maintaining and upgrading existing infrastructure and providing additional infrastructure to cope with the growing demand/economy whilst minimizing losses.

SERVICE DELIVERY UNIT: ELECTRICITY

iDP Key Performance Areas and Objectives.

To effectively manage and maintain an electrical infrastructure that will ensure the provision of effective and efficient services to customers by the Electro Technical Services Directorate.

CHALLENGES

a. ELECTRICITY CRISIS AND LOADSHEDDING:

The electricity industry is facing a severe crisis caused by the shortage of generation capacity in South Africa. Load shedding and power cuts will become a way of life for the foreseeable future. Innovative initiatives will still have to be implemented to reduce the impact on the economy and lifestyle of the residents. On going education and awareness sessions are being held to educate all consumers about the energy crisis and the usage of energy saving methods and appliances.

b. RENEWABLE ENERGY

Global warming, the reduction of greenhouse gasses and the promotion renewal energy should become a priority.

The municipality is in negotiation with the Central Energy Fund and a private shareholder to establish an 8 MW renewable energy generation plant using waste woodchips in George. An environmental impact study for the project has to be completed before construction can begin.

c. MAIN ELECTRICITY SUPPLY TO GEORGE

The capacity of the main electricity supply to George has reached the limit of its firm capacity and a new 132/66 kV substation is to be established. Eskom will also replace the old wooden pole 66kV power line supply to George with a new double circuit 132kV power line to supply the new substation.

d. SCARCE SKILLS:

Scarce Skills (shortage of skills in the Electrical Engineering field) is also an ongoing challenge. This Directorate has had tremendous difficulty in attracting suitable qualified staff to fill key positions. The low municipal salary scales in comparison with Eskom and the private sector and the National shortage of skilled artisans and technicians contribute to the problem.

A 3 year Electrical Engineering Learnership programme was implemented in February 2007. Thirteen learners, include 5 women, are being trained. Eleven are internal employees and two unemployed workers from the community. This programme is now in its second year and I am please to announce that all 13 learners have received their National Certificates for successfully completing the Electrical Engineering, NQF level 2. By the end of 2009, if all goes well, we will have 13 additional qualified electricians available to the George Municipality. This Directorate is primarily involved in working towards the following Key Performance Areas:

STRATEGIC OBJECTIVE:

ELECTRICITY INFRASTRUCTURE MANAGED AND MAINTAINED PROPERLY IN ORDER TO PROVIDE ADEQUATE AND EFFICIENT SERVICES TO CUSTOMERS.

OPERATIONS & PLANNING

A) DISTRIBUTION

New works: Install new electrical infrastructure to accommodate the growing demand for electricity within the City and surrounding areas. Execute selected capital projects and most new rural, commercial and industrial electrical connections through the optimal use of the municipal New Works Section.

High- and medium voltage: Safe and efficient operation, control and maintenance of 66 & 11 kV networks. Issue work permits to contractors doing work on electrical networks. Twenty four hour, seven days a week fault finding and repair of high- and medium voltage networks. Plan, manage and construct smaller operational construction works. Do quality control.

Low voltage: Safe and efficient operation, control and maintenance low voltage (230 and 400 volt networks). Twenty four hour, seven days a week fault finding and repair of low voltage networks. Plan, manage and construct smaller operational construction works. Do quality control.

Substations: Maintenance and repair of 66 and 11 kV switchgear, substations and other electro-mechanical equipment. Clearing and plant control of medium and high voltage power line servitudes and other electrical installations. Manufacture and repair of electrical equipment in workshop. Do quality control.

B) ENGINEERING SERVICES:

Manage and operate an Electrical Control Room to provide a 24 hour safe working environment for distribution staff. Design, implement, manage, and maintain medium and high voltage electrical protection systems to safely trip the electrical supply in the case of a fault to protect the community and staff from injury and equipment from damage. Design, implement manage and maintain telemetry systems to display, process and store information received from the networks throughout the distribution area and enable remote switching from the Control Room.

To safely integrate protection schemes and telemetry systems to reduce power outage times and render the best possible service to the consumer. Provide essential technical support to other sections within the municipality. Design, implement, manage, and maintain a remote metering system. Read manage, maintain and generate accounts for Bulk (large) customers.

Do cable location and cable fault location. Ensure compliance of NRS quality of supply requirements. Maintain the municipal energy management equipment (power factor and geyser load control).

Manage networks to optimize system losses and maintain network stability.

C) PLANNING & DESIGN

Do master planning and maintain electrical master plans for main electrical networks in conjunction with Eskom and Consultants. Do the planning for all electrical installations in conjunction with the IDP (Integrated Development Plan), do estimates and make proposals for capital budget items. Do the planning for all new and extensions to rural, commercial and industrial connections. Set and maintain standards and specifications for installations and equipment. Render comments and set requirements with regard to requests for new developments, subdivisions and industrial connections. Manage and maintain the electrical drawing office, CAD and GIS systems. Liaise with consulting engineers. Schedule and manage the capital budget expenditure. Do project and contract management of capital works. Do quality control.

SERVICES

A) STREET LIGHTS

Effectively maintain, upgrade and install street lights on side walks, lanes and walkways to enhance the safety and security in areas. In some instances special lights are installed.

B) FESTIVE LIGHTING

The annual preparation and Installation of the colorful festive lighting in the CBD and local areas, during festive season.

The Christmas lights enhance the festive mood in the City of George, it also makes George attractive to the locals and international tourists.

c) TRAFFIC LIGHTS

Maintenance and replacement of Traffic lights.

D) CUSTOMER SERVICES & REVENUE PROTECTION

To promptly respond to complaints from clients, telephonically and in writing.

The installation of prepaid meters:

- i) Conversion from informal- to formal house.
- ii) Credit to prepaid meters
- iii) New domestic connections
- iv) Faulty Meter Replacement

The provision of electricity service connections at cost for subsidized housing projects.

The provision of up to 50 units free electricity per month to indigent families.

e) MARKETING

Community Programmes

This Directorate regularly holds educational and information sessions by way of road shows in the community. Videos, presentations and pamphlets are used as educational tools. These programs are aimed at creating an awareness for:

- i) energy saving methods
- ii) dangers and safety aspects of electricity usage
- iii) prepaid meter usage
- iv) tampering
- v) fault reporting
- vi) copper theft

ADMINISTRATION AND SUPPORT

Provide vital Administrative support services to the technical divisions in the areas of Human Resources, Training and Development, Logistics, secretarial services, customer care, front office reception desk, assist with compiling and monitoring of the annual budget, maintain statistical data and do general administrative functions that will ensure the effective and efficient operation of the Electrotechnical Services Department.

FLEET MANAGEMENT

Procurement of new vehicles and related machinery according to the procurement policy for the entire municipality. Manage municipal fuel pumps. Manage and monitor vehicle and fuel usage and costing for entire municipality.

Manage municipal vehicle workshop, responsible for all maintenance, breakdowns, repairs, refurbishment and services of entire fleet (Plant, trucks, cars, tractors, lawn mowers, boats, generators etc). Manage accident/insurance claims and repairs.

Prepare capital and revenue budget for fleet related items.

MECHANICAL SERVICES

Manage municipal mechanical workshop, responsible for all maintenance, breakdowns, repairs, refurbishment, machining, manufacture and service of entire mechanical infrastructure (including sewerage works, water purification, pump stations etc).

Prepare capital and revenue budget for mechanical items.

VITAL STATISTICS: BUDGET	2007/2008	2008/2009
Budget		
• Income:	R 204 M	R237,9M
• Expenditure:	R 166 M	R186,1M
• Electricity Purchases	R 88 M	R119,M
• Capital: budget	R30,8 M	R41,3M
Staff Complement (permanent posts)	264 (new organigram)	264 (new organigram)
• Approved Posts	132	128
• Filled Posts	132	136
• Vacant Posts		
Top 6 Consumers	2007/2008	2008/2009
Garden Route Mall	6,2 MVA	6,2 MVA
McCain	3,6 MVA	3,5 MVA
Fancourt H/P	2,5 MVA	2,5 MVA
SAPPI	2,3 MVA	2, MVA
Thesen	1,9 MVA	1,6 MVA
SAFCOL	1,8 MVA	1,5 MVA
• Projected large consumer income = R 82 M pa		
• Current active pre-payment meters installed = 34,861		
• New Connections Formal Houses = 554		
• New Connections informal Housing = 80		
Maximum Demand	2007/2008	2008/2009
• George	82,5 MVA	83,6 MVA
• Wilderness	4,6 MVA	4,67 MVA
Voltages		
• 66 kV intake/transmission		
• 11 kV distribution		
• 400/230 V "reticulation"		
Housing projects	2007/2008	2008/2009
Electrification scheme	R 1141,000.00	R 808 000,00

Overview OF Services Provided AND Narratives ON Performance For The year.

The continual upgrading and maintenance of the electricity network in order to accommodate the load requirements in George:

Major capital Projects Completed in 2008/2009

Expansion of 66kV Main Network

Energy Management

Control Protection and Communication

Upgrading & Extension of 11kV Network

Replacement of obsolete 11kV Switchgear and Equipment

Upgrading of obsolete low voltage network cables

Street lights

Ad-hoc Developments

Electrification

Informal housing: Moving services from shack to formal dwelling

Equipment

Upgrading & Extension of building and premises

Fleet Management

Upgrading and replacement of Streetlights

Capital Projects, 98,90% of budget spent

PERFORMANCE INDICATORS

	2007/2008	2008/2009
% of capital budget spent	98,90%	99 %
Operational expenses per unit of electricity sold	34.c/kWh	41c/kWh
Admin: Staff complement , Number of posts filled on the approved organogram. 154 posts	134	128
KPA . Number of people from the employment equity target groups employed in compliance with the approved employment equity plan	90%	90%
Distribution: KPA % of households with access to basic level of electricity. People living on erven zoned for residential purpose.	100% applications	100% applications
Number of power failures : Number of failures above acceptable MVA level. Only maintenance related failures. Number of failures above acceptable MVA level (5% of notified demand for more than 1 hour).	0	0
Only maintenance related failures.	0	0
r/c lost of revenue due to power failures : Average difference between cost price and selling price of electricity. (based on above conditions)	0%	0%
% of electricity losses (technical network) & non technical – theft/financial: kWh bought from Eskom – sold to public.	5%	6,7%
Quality of Service: NrS 047 , customers informed about planned power shut downs. System in place to address complaints. Plan in place to address critical situations. Community educational programmes in place.	85% compliant	85% compliant
Quality of Supply : compliance with NRS 048 compliant	90%	90% compliant
electrification : Number of new connections, Low cost and ad hoc housing connections excluding requests from informal house owners.	100% of applications actioned	100% of applications actioned
Maintenance : Preventative maintenance programme in place and active	80%	80%
Safety : Number of workplace incidents (Number of serious and fatal occupational incidents for which Employer could be held responsible)	0%	0%

2.5]] directorate planning and housing direktoraat beplanning en behuising



| annual report 2008 / 2009

DEPARTMENT: PLANNING AND HOUSING

Pursuant to the restructuring of the Organization that resulted in the transfer of the LED Section to another Department leaving the Planning and Housing Department with Town Planning, Building Control, Land Management, Housing Administration, Housing Projects, Administrative Support and Properties Section. New Administrative and Human Resources Support Structures were put in place and the Senior Manager for the Department was appointed at the beginning of October 2007.

Amidst the exodus of professional people and the challenges of recruiting suitable qualified and experienced personnel into especially these scarce skills positions proved to be a daunting task. The refurbishment of current operating systems and the introduction and implementations of new ones resulted in an overall improvement in the performance of the department as can be detected in the outcomes highlighted in the performance indicators.

INTRODUCTION

2008/2009 ANNUAL REPORT 31 JULY 2008 TO 30 JUNE 2009

The department consist of three sections namely:

1. Housing
2. Town Planning
3. Support Services

KEY PERFORMANCE AREAS

1. Financial Management
2. Policy development
3. Administrative support in terms of human resource management
4. Housing projects
5. Housing administration
6. Land Management
7. Building control
8. Town planning
9. Environment management
10. Law enforcement
11. Property management

1. HOUSING ADMINISTRATION

1.1 TRANSFER OF PROPERTY

367 instrurctures have been issued to the transferring conveyancers and 808 transfers have been registered during this period.

1.2 CHURCH ERVEN IN THE GEORGE AREA (INCLUDING THEMBALETHU)

During this financial year one erf has been sold.

1.3 STATISTICS OF ITEMS DURING THE PERIOD OF THIS REPORT.

A TOTAL OF 128 items/reports were prepared and submitted to various committees.

1.4 SALE OF ERVEN

The following erven were sold per public tender during the 2008/09 financial year.

During the 2008/09 financial year 99 erven were sold by way of a public tender with a market value of R5 834 820,

1.5 INCOME - LETTING

An income of R483 163 has been received during the 2008/09 financial year in respect of the Davidsonhof flats, Rosemoor Units for the aged and municipal housing letting units received.

1.6 ROSEMOOR UNITS FOR THE AGED

Name on waiting list		249
Number of units		130
Allocations	Double	3
	Single	6

1.7 DAVIDSONHOF FLATS

Name on waiting list		95
Number of flats		20
Allocations		1

1.8.1 VISITORS TO THE SUDIRECTORATE HOUSING

The Housing section received 11 147 visits from the public during this financial year.

2. LAND MANAGEMENT

2.1 ACTION TAKEN AGAINST INFORMAL SETTLERS

DESCRIPTION	TOTAAL
STRUCTURES DEMOLISED	360
PERMISSION FOR EXTENTIONS AND /OR TRANSFERS	196
NOTICES FOR STRUCTURES TO BE DEMOLISED	338
DISCRIPTION	TOTAAL
STRUCTURES ILLEGALLY CONSTRUCTED	272

2.2 ACTION AGAINST STREET PEOPLE

2097 actions have been taken against street people in areas such as :

Rooirivier, Katrivier, Tuinroetendam, Standerstraat brug, Darlingstraat, Botaniese Tuine, Golden Harvest, Memoriumstraat Begraafplaas, BMW, Blanco brug, Rivierbed and at George Hospital, etc.

2.3 FIRE DAMAGE

DESCRIPTION	TOTAAL
FIRES	84
STORMDAMAGE	382

* During the June stormdamage approximately 320 pieces of "gumplast" has been distributed to the affected people.

2.4 ILLEGAL OCCUPANCY

	AREA	DATE	COURT ORDER OBTAINED
1.	Parkdene	18 & 19 April 2009	Yes
		30 & 31 May 2009	Yes
2.	Touwsranten	13 & 14 June 2009	Yes
3.	Lawaaikamp	18 June 2009	Yes

2.5 EMERGENCY AREAS - "HOT SPOTS" (LAND MANAGEMENT)

The following areas have been identified as "hot spots"

AREAS	TOTAL
THEMBALETHU	357
PROTEA PARK	237
SYFERFONTEIN	231
STORTINGSTERREIN	227
GOLDEN VALLEY	242
BORCHERDS	230
WILDERNISHOOGTE	219
TOUWSRANTEN	250
LAWAAIKAMP	51
PARKDENE	64
TOTAL	2108

With the threatening attempts made by the community to illegally occupy land, Areas such as Parkdene and Lawaaikamp has also now been identified as "Hot Spots".

2.6 OTHER AREAS

AREAS	TOTAL
ROSEMOOR	90
CONVILLE	90
PACALTSDORP	51
BLANCO	37
GWAING	92
KLEINKRANTZ	124
CLUB TIMBER	64
SINKSABRUG	38
HOOGGEKRAAL	39
GEELHOUTBOOM	36
WABOOMSKRAAL	39
HEROLD	30
JONKERSBERG	27
LAWAAIKAMP	67
PARKDENE	73

HOUSING

During the 2008/2009 financial year the DORA allocation for housing has been increased from 15,64 million in 2007/2008, to R 27,194 million, R 33,509 million for the 2009/2010 financial year and R 36,843 million for the 2010/2011 financial years of the Government. These amounts excludes the amount of R 24,6 million allocated in respect of storm damage.

ERF 325 AND TOUWSRANTEN HOUSING PROJECTS

The installation of services for the Erf 325, Pacaltsdorp and Touwsranten has been completed. Tenders were called for the construction of top structures and raft foundations on the Erf 325, Pacaltsdorp and Touwsranten Housing Projects. The Accounting Officer has approved the provisional appointment of the preferred contractor for Erf 325 and Touwsranten Housing Projects.

LUSAKA/TAMBO SQUARE HOUSING PROJECT

The Lusaka/Tambo Square Housing project is approved for 297 housing units of which 263 houses have been completed and handed over. We have received 21 approvals and Council is presently waiting for an increased subsidy to complete the remainder of these houses. We are awaiting subsidy approvals for a further 13 beneficiaries before construction of houses can commence.

THEMBALETHU RECTIFICATION PROJECT

Tenders were called for the appointment of a Structural Engineer to oversee the rectification and SCCCA program of 2144 houses in Thembaletu. The Structural Engineer will call for tenders for the rectification of 2144 houses and for the SCCCA project.

UPGRADING OF INFORMAL SETTLEMENTS

An application has been submitted to PGWC in an amount of R3.5 million for the upgrading of informal areas which entails the provision of ablution facilities and water to the informal areas of George in accordance with the Informal Settlement Master Plan.

The Municipality has thus far provided 177 toilets to the first 8 critical Informal areas as prioritised in the Informal Settlement Masterplan and 30 toilets in Asazani. An amount of R3 million has been spent by Council on basic sanitation for Informal Settlements. We have provided 85 full waterborne systems at a cost of R8 775-00 per toilet and 92 dry systems at a cost of R8 675-00.

THEMBALETHU: UPGRADING OF INFORMAL SETTLEMENTS PROGRAMME

Approval for an Upgrading of Informal Settlements Programme (UISP) for 900 erven in Thembaletu has been granted by the Provincial Government Western Cape. A Socio Economic Survey was conducted to determine the number of households within the various informal settlements in Thembaletu. Professional Mobile Mapping was appointed and reported the following findings:

UPGRADING OF INFORMAL SETTLEMENTS PROGRAMMES

- The survey revealed that 4350 households in Thembaletu are living in informal settlements;
- There are 2657 households who will be eligible for housing subsidies.

Backyard Dwellers

- During the survey conducted at the end of 2007, it was recorded that there are also approximately 4500 backyard dwellers;

Rental housing opportunities for non-qualifying households

- It was estimated that ± 1000 households would potentially wish to gain access to affordable rental housing opportunities.

INFILL HOUSING PROJECT

The infill erven project is in the process of being completed. A number of 206 houses have been completed and handed over to date. Council is presently waiting for an increased subsidy to complete the remainder of these houses.

FLOOD DAMAGE PROJECT

Expenditure relating to funding used to address flood damage is as follows:

• Repair of damaged formal permanent houses (10)	R 388 650
• Replacing so-called Bungalow houses in Blanco 30	R 1 165 950
• Thembaletu 65	R 2 526 225
• Providing aprons and subsurface drainage	R 13 033 600
• Building walls & embankments	R 1 857 000
• Provision of kerbs & Paving	R 5 700 000

All work has been completed with the exception of the first three projects as listed above, where the lowest tenders received per house is R15 000 higher than the allocated amount of R38 865.00 per house. We are awaiting the response from Province with regards to an increased allocation.

The construction of aprons and sub-surface drainage was done through a job creation process and we were fortunate to appoint 124 contractors to complete this project.

A total of 2378 houses formed part of the project and the total expenditure on this project was R12 514 800-00.

This project resulted in numerous jobs being created and 124 emerging contractors being appointed, all from previously disadvantaged groups. The objective of this project was to inter alia introduce the legislative requirements of the Construction Industry Development Board. The successful completion of this project enabled the contractors to register for a higher CIDB grading which would allow them in future to tender for projects with a higher monetary value.

Tenders have been called for the building of the 904 houses on erf 325 Pacaltsdorp and ±400 houses in Touwsranten. Tenders closed on 9 January 2009. The good news is that the services in Touwsranten have been completed and erf 325's services are nearing completion. The services are of a standard way beyond the norm in our Province.

4. BOUBEHEER/ BUILDING CONTROL

4.1

BOUPLANNE GOEDGEKEUR/ BUILDING PLANS APPROVED:		
	JULIE 2008 - JUN 2009	
	AANTAL	RAND WAARDE
Nuwe Woonhuise	105	R72 036 500,00
New Houses		
Aanbou: Woonhuise	363	R69 960 120,00
BOUPLANNE GOEDGEKEUR/ BUILDING PLANS APPROVED:		
Additions to dwelling houses		
Nuwe Meenthuise	102	R120 839 500,00
New Town houses		
Aanbou: Meenthuise	45	11 663 000,00
Additions town houses		
Nuwe woonstelle	7	51 372 000,00
New flats		
Aanbou: Woonstelle	1	1,240,000,00
Additions to flats		
Nuwe Besighede	7	20 991 000,00
New Businesses		
Aanbou: Besighede	20	11 354 500,00
Additions to businesses		
Nuwe Nywerhede	17	40 403 600,00
New Industries		
Aanbou: Nywerhede	36	36 994 300,00
Additions to industries		
Nuwe Kerke	5	4 680 500,00
New Churches		
Aanbou: Kerke	3	2 238 000,00
Additions to churches		
Aanbou: Klinieke	2	2 418 000,00
Additions to hospitals		
Nuwe Kleuterskole	1	1 519 000,00

Additions to Creches	4	928 660.00
Nuwe en aanbouings Aftree Oord	2	14 597 700.00
TOTAAL		R463 236 380.00

5. ENVIRONMENTAL SECTION

5.1 PROJECTS

- Groeneweide Park: An item will be submitted to Council for the calling of Development proposals which will include an Environmental Impact Assessment. Urban Dynamics (Town Planning Consultants) currently drafting layout to be submitted to the Department of Environmental Affairs and Development Planning (DEADP).
- Garden Route Dam: Environmental Impact Assessment (E.I.A) is near completion. Traffic Impact Assessment completed. Project temporarily shelved due to budget cuts.
- Erf 11424 Parkdene (Hall): The Crèche has since been separated from the Hall as the site was not sufficient to accommodate the two buildings. Record of Decision has been issued by the DEADP. Completed.
- Erf 8614, Rosemoor (10 units). Other processes at the Surveyor General are underway. The E.I.A process is nearing completion. Public participation process has commenced. EMP sent to DEADP. Basic Assessment Report being compiled.
- Erf 2843 Thembaletu: E.I.A complete. Subdivision completed.
- 3/216 Blanco (150 units): Commenced with E.I.A on 01 October 2008. Notice of Intent sent to DEADP.
- Erf 15842 Lawaai kamp (Closure of public opens space): E.I.A 90% complete. Basic Assessment Report submitted to DEADP.
- Erf 3113 Thembaletu (3 units) closure of Public Open Space): commenced with E.I.A September 2008. Basic Assessment Report being compiled. BAR rejected by DEADP. To be resubmitted.
- 464/55-Rooirivier (150 middle income units): E.I.A commenced with in October 2008.

5.2 POLICIES/STUDIES

- Environmental Management Framework: EMF (Partial) completed-funded by Department of Environmental Affairs and Tourism (DEAT).
- Informal Settlement Master Plan: Completed.
- Audit of Public Open Spaces: Completed.
- Procedure guidelines for E.I.A's and OSCA permits: completed.
- Environmental Education Strategy: commenced 10 March 2009.
- Environmental Management Policy: to commence 17 June 2009.

5.3 OSCA Permits Issued: 19

6. EIENDOMME

VERHURING VAN EIENDOM JULIE 2008 - JUNIE 2009	
	AANTAL EIENDOMME
Meentgrond	13
Woonhuise	3
Sportklubs	15

Besighede	4
Oorskrydings	11
Ander	45
Skole en Kerke	2
TOTAAL	93
EIENDOMME VERKOOP / PROPERTIES SOLD	
Residensieel	3
Sake	4
Totaal	7
Aantal Items / Behuising en Grondsakekomitee	
TOTAAL	21

7. GRONDGEBRUIKAANSOEKE AFGEHANDEL JULIE 2008 - JUNIE 2009

Hersonering	41
Onderverdelings	27
Afwydings	309
Vergunningsgebruike	6
Opheffings	4
Struktuurplanwysigings	2
Wysiging van goedkeuringsvoorwaardes	5
TOTAAL	394

93% of all land use applications received, have been dealt with and finalised within a six month period

7.1 STATISTIEKE/STATISTICS

Number of incoming post articles received Aantal posstukke ontvang	1530
Number of outgoing telephone calls Aantal uitgaande telefoonoproepe	23 769

8. ALGEMEEN/GENERAL

8.1 HOUSING ADMINISTRATION

The Department made tremendous strides in addressing flood damage and has spent almost a third of the funds allocated on the building of aprons. It is envisaged that the remainder will be spent in the forthcoming quarter.

Service Delivery especially in the Housing Projects Section was seriously challenged when one of the Contractors were faced with operational challenges and bankruptcy resulting in delays and setbacks in the progress of housing delivery.

The progress with work on crèches were delayed by unforeseen town planning matters but is also being addressed.

8.2 TOWN PLANNING

Interdepartmental interventions and streamlining of systems with the Finance Department has seen a steady increase in the transfer of properties. The approval of building plans (without the required staff) within the legal timeframes is on track as there is a downward trend in the market because of the downturn in the economy.

The continued resignations within the Building control Section remains a big challenge especially as they fall within the scarce skills category which makes it difficult to recruit personnel from this sector.

The Properties Section has steadily improved in performance despite the shortage of staff.

The town planning section is still without sufficient staff capacity. The posts of the Deputy Senior Manager: Planning and the Chief Town Planner has been filled (one being an internal promotion) and one of the senior town planners resigned in this quarter.

The Department is in the process of implementing a new operational regime aimed at a more efficient level of service delivery. Operational changes will also be implemented as of October 2008, in order to allow the 2 remaining town planners sufficient time to meet all work obligations.

The consultant, who was employed on a temporary basis, has managed to reduce the section's backlogs to approximately 8 applications as at 30 September 2008 and the current backlog is expected to be cleared by end October 2008.

Average output of the town planning section has remained high despite the presented by the staff shortages, mostly due to the performance of the Planning Administrative Assistants, whose contribution to the functioning of the section can only be seen as exemplary.

The Town Planning Section is in the process of filling the vacated town planner post. The advert was placed in the Sunday Times of 8 March 2009. Given the limitations, it is expected that the section will have these staff members appointed by June 2009.

The Town Planning Section received over 30 applications for the vacant posts. The appointment process did however not proceed due to the moratorium on the filling of vacant post and will be taken further when circumstances changes. It is noted that the non-filling of posts has had a negative impact on the number of reports that have been produced and it is evident that this section will once again be sitting with a substantial backlog in the near future.

The final version of the George SDF and the Integrated Zoning Scheme is at an advanced stage and should be ready for submission to Council by the end of March 2009.

8.3 SENIOR MANAGER

The Department has begun to put its initial vision into action by engineering its latest Spatial Development Framework in such a way that George will undoubtedly be regarded as a model town of how space economy should be optimally utilised. The aforementioned will inevitably give rise to sustainable integrated human settlements where great care has been taken to move away from historic planning practices and ensure that the less privileged will reside close to job opportunities and share other amenities with the affluent. These settlements and their inhabitants will no longer live on the periphery of the town but will be integrated into the mainstream of George. I acknowledge that the aforementioned will occur over a period of time, but regard the latest planning framework as a tremendous stride in narrowing the gap between the rich and poor and ensuring that the imbalances which occur are redressed in a committed and meaningful manner.

Another major achievement for the Department was the formulation of an Informal Settlement Master Plan which is a remarkable scientific planning instrument which is used for the provision of basic serviced in informal settlements. George Municipality is one of only two Local Authorities in the country with such an instrument. The first 8 settlements have already been successfully serviced by using the methodology prescribed by the Master Plan

The first series of Housing Imbizo's have also taken place all across George and was an enormous success as the objectives to disseminate information and get communities actively involved in the various housing processes has been achieved.

These Imbizo's will now been extended to officials from the Provincial Government will join George municipality in all future events.

In conclusion, it will be fair to state that the Department has steadily improved its overall performance and met the targets set for service delivery. Various systems have been put in place to ensure streamlined and effective administration.

2.6]] directorate environmental affairs direktoraat omgewingsake



| annual report 2008 / 2009

1. INTRODUCTION

The department was established in 2007 and consist out of three sections namely:

1. Sport and other maintenance
2. Parks and Recreation
3. Cleansing & Environmental Health

2. KEY PERFORMANCE AREAS

- 2.1 Evaluate/ assess corporate facilities (buildings) and set priorities for upgrading/ maintenance;
- 2.2 Evaluate / assess sport facilities (building) and set priorities for upgrading / maintenance;
- 2.3 Identify open spaces, green belts and hiking trails that need rehabilitation and maintenance;
- 2.4 Clear and beautify city and outlying areas;
- 2.5 Create, upgrade and maintain recreation facilities;
- 2.6 Provide and maintain environmentally save cemeteries;
- 2.7 Remove and manage solid waste;
- 2.8 Promote and enforce Environmental Health.

3. GENERAL

The Department has a personnel compliment of approximately 178 employees and is responsible for the administration of a total operational budget of R 59,995,045 m and a capital budget of R15,775 m.

4. PERFORMANCE INDICATORS FOR THE YEAR UNDER REVIEW ARE AS FOLLOWS:

4.1 SERVICE DELIVERY UNITS: SPORT AND RECREATION

IDP Key performance areas & objectives covered by service(s)

Provision of Recreation and Sport facilities / Sport tourism/ improved economic environment.

Overview of services provided and narrative on performance for the year.

- Upgrading of Sport facilities
- Maintenance of Sport fields/ terrains / Swimming Pool
- Provision of Security services
- Host city for international Sevens Tournament
- Promotion of George as a base camp for 2010 soccer World Cup

Major capital Projects completed in 2008/09 (if applicable).

Building of Capital works to a total amount of R6,175 million was spent on the following Sport Fields:

- Blanco Cricket pitch
- Towsranten New rugby field
- Pacaltsdorp General
- Rosemore Flood lights
- Rosemore Replacement of roof
- Thembaletu/Lawaai kamp Soccer field
- Outeniqua Park Parking and seating
- Outeniqua Park Upgrading of playing surface
- Thembaletu/Maraikamp Building of Sport infrastructure

Performance Indicators	2007/2008 Actual	2008/2009 Actual
% Utilization of sport facilities	78%	79%

4.2 SERVICE DELIVERY UNITS: MAINTENANCE OF COUNCIL BUILDINGS, SIDINGS AND FENCING

IDP Key performance areas and objectives covered by service(s)

Maintenance of infrastructure.

Overview of services provided and narrative on performance for the year.

- To provide Council and the Community with recreational halls and maintain Council's buildings and fences.

Major capital Projects completed in 2007/2008

- Design of new administrative building at Civic Centre;
- Upgrading of Touwsrante, Pacaltsdorp and Conville Community halls;
- Paving at Rosemore and Thembaletu halls;
- Air-conditioning: Civic centre;
- Disabled toilets: Conville, Pacaltsdorp and Thembaletu;
- Renovation of Fire station and Law Enforcement buildings;
- Cloakrooms: Civic Centre;
- Upgrading of conference hall: Civic centre

4.3 SERVICE DELIVERY UNIT: CEMETERIES

IDP key performance Areas and Objectives covered by service(s).

Good infrastructure and service delivery: Safe, affordable, accessible, secure and environmentally friendly cemeteries in place and maintained.

Overview of services provided and narrative on performance for the year.

- Selling of graveyard plots
- Maintaining seven cemeteries
- New cemetery established in Touwsrante but not yet operational.

Performance indicators	2007/ 2008	2008/2009
Number of burials	369	307

4.4 SERVICE DELIVERY UNIT: FORESTRY

IDP Key performance Areas and objectives covered by service(s).

Recreation, Sport and Tourism/ Open Spaces, Green belts and Hiking trails:

Open spaces, green belts and hiking trails identified, developed and maintained in terms of an SDBIP in order to maintain the Garden Route character in the George Municipal area.

Overview of services provided and narrative on performance for the year

- Recovery of fynbos and eradication of alien weeds.
- No harvesting was done in the past year.

4.5 SERVICE DELIVERY UNIT: BEACH AREAS

IDP Key performance areas and objectives covered by service(s).

Recreation, Sport and Tourism/ Recreation facilities: Recreation needs assessed and provided to meet the needs of the community and tourists at large and youth in particular.

Overview of services provided and narrative on performance for the year.

- Four beaches: Herold's Bay, Victoria Bay, Wilderness and Gwaiing River Mouth were cleaned and managed.

4.6 SERVICE DELIVERY UNIT: HEROLD'S BAY CAMPING SITE

IDP Key performance areas and objectives covered by service(s).

Recreation, Sport & Tourism/ Recreation facilities: recreation needs assessed and provided to meet the needs of the community and tourists at large.

Overview of services provided and narrative on performance for the year.

- Servicing 41 caravan sites in the caravan park.
- Primarily used by holiday makers in December/January and Easter weekend.
- Safe and secure area.
- Ideal climate.

Performance indicators	2007/2008	2008/2009
Number of overnight stays at Herold's Bay camp site	1452	1,564

4.7 SERVICE DELIVERY UNIT: PARKS

iDP Key performance areas and objectives covered by service(s)

Recreation, parks and open spaces, green belts and hiking trails identified, developed and maintained in terms of an SDBIP in order to maintain the Garden Route character in the George Municipality and to promote the greater George as a holiday destination.

Streets, public places in the city of George and outlying areas generally clean, attractive and beautified in order to create pride of place by the local public and to attract visitors. These are the first to meet the eye of visitors, therefore convincing them to spend time in the city and surrounding area.

Overview of service(s) provided and narrative on performance for the year.

- Parks are maintained through 17 moving cycles per annum.
- Trees planted in greater George Municipality, especially in the suburbs.

Major capital projects completed in 2008/ 2009.

- Apparatus in all four parks have been installed.

Performance indicators	2007/2008	2008/2009
Hectares of alien vegetation cleared	350	774
Hectares of grass cut/month	2,000	2108
Number of trees planted	3,000	6,500

4.8 SERVICE DELIVERY UNIT: STREET CLEANING

iDP key performance areas and objectives covered by services.

Cleanliness of City and outlying areas:

Streets, public places in the city of George and outlying areas generally clean, healthy, all created and beautified in order to create pride of place by the local public and to attract visitors as well as to ensure a healthy environment.

Overview of services provided and narrative on performance for the year:

- Nineteen (19) full time people are employed for street cleaning in the CBD area as well as ten (10) part time street cleaners.
- The residential areas and outlying areas such as Hoekwil, Touwsrante, Kleinkrantz and Wilderness are being cleaned by a total of 128 part time people (16 contractors and 112 workers).
- In addition to the above a front end loader and tipper truck are utilized to remove unlawfully dumped waste from residential areas.
- The street cleaning services perform well and the private contractors for the residential areas, which is also a job creation opportunity, are a big success. The cleanest town competition was entered and a cleanest town sub Committee was established. During the 2008/2009 financial year the Municipality received the second place in the cleanest town competition.
- In spite of all the above efforts and educational projects, clean up projects and Law Enforcement, unlawful dumping remains a problem in some of the residential areas and vacant grounds.

The operating budget for street cleaning and removal of unlawfully dumped waste amounts to R 7.4 m

Capital Projects

- 2x Additional tipper trucks R 570,000

Performance indicators	2007/2008	2008/2009
Number of person hours spent on cleaning the streets.	52 000	140,000

4.9 SERVICE DELIVERY UNIT: PUBLIC TOILETS

iDP Key performance areas and objectives covered by services.

Good infrastructure and service delivery:

Clean, healthy, safe and well maintained public toilets for the public and visitors.

Overview of services provided and narrative on performance for the year:

- A total of 10 sets of public toilets are provided of which four (4) are provided at outlying areas such as Herold's Bay, Victoria Bay, Wilderness and Gwaing River Mouth. The facilities are well maintained and serviced by eight (8) full time employees.

The operating budget for public toilets is R 1.2 m.

Performance indicators	2007/2008	2008/2009
Public toilets per 10 000 population	0.6	0.6
Number of person hours spent on cleaning toilets	18,000	18,000

Capital Projects

- Upgrading of toilets – beach area: R 30,000.
- Upgrading of Public Toilets – R50, 000

4.10 SERVICE DELIVERY REFUSE SITE AND TRANSFER STATION

IDP Key performance areas and objectives covered by service(s).

Good infrastructure and service delivery:

Reliable, safe and secure refuse disposal facilities in place and managed to the required health and environmental conservation standards to meet the requirements of George's residents in the most effective way as well as to comply with the relevant national legislation.

Overview of services provided and narrative on performance for the year.

- Domestic waste and business waste are transported to Petro SA's landfill site in Mossel Bay via a refuse transfer station. The transfer station is managed by a private contractor. This includes the transport of waste to Mossel Bay.
- The contractor is compelled by agreement to recycle 6% of the total tonnage of waste going through to the transfer station.
- Building rubble and green waste are accommodated on a landfill site which is situated next to the transfer station. This site is fenced off with razor wire as well as an electric fence and the entrance is strictly controlled. There are three full time employees.
- Provision is also made for the burial of dead animals (road kills and from vets) as well as for abattoir waste.
- The operating budget for this section is R 11 096 780 m.

Performance Indicators	2007/2008	2008/2009
Tonnes of refuse received annually (Refuse site and transfer station)	62,000	62,000
Tonnes of refuse recycled (Transfer station)	3,000	3,000

4.11 SERVICE DELIVERY UNIT: REFUSE REMOVAL

IDP Performance areas and objectives covered by service(s).

Good infrastructure and service delivery:

Reliable, safe, affordable and secure refuse removal system in place and managed to the required health and environmental conservation standards to meet the requirements of George's residents in the most effective way and to keep up with the rapid expansion of the city and the newest technology.

Overview of services provided and narrative on performance for the year.

- This section is responsible for collecting the refuse of 34,000 household and 3,000 businesses as well as the cleaning of 350 street litter bins.
- Seventy (70) full time employees are employed at this section. A fleet of thirteen (15) rear end loader refuse compactors trucks are used for this service.
- Every household and business in George has access to a door-to-door refuse collection service except in some informal areas where there is no access. The rural area within the boundaries on the municipal area is not included in this service although they make use of the refuse transfer station and refuse site for garden waste and builder's rubble.
- Households are serviced once per week and food preparation businesses three (3) times per week.

The operating budget for refuse collection is R 19.2m.

Capital Projects

- Bulk Refuse Containers- R 200,000

Performance indicators	2007/2008	2008/2009
% of total waste collected recycled	5%	5%
Tonnes of total household refuse collected	31,000	32,000
Tonnes of business refuse collected	5,000	5,800
KPA % of households with access to basic level	98%	98%

4.12 Service Delivery Unit: Night soil removal

IDP Key performance areas and objectives covered by service(s).

Good infrastructure and service delivery:

Reliable, safe and well managed night soil system in place. This services are managed in accordance with the requirements of George's residents in the most hygienic, cost effective and dignified manner.

Overview of services provided and narrative on performance for the year.

- This section currently collects buckets from 270 households.
- Ten (10) full time employees are involved in this section which operates between 22h00 and 06h00. There are still many households in the informal areas that have no night soil removal service due to the fact that no access roads exists to reach the structures. It is expected of owners to build their own toilet structures before a bucket service can be provided.

The operating budget for this service is R 1, 045 m.

Performance indicators	2007/2008	2008/2009
Number of households serviced (Formal & informal)	270	255

4.13 Service Delivery Unit: Environmental Health

IDP Performance areas and objectives covered by service(s).

Social Development

Environmental Safety and Security

Animals – Keeping of animal control system in place and enforced

Environment – Implement environmental management strategies in order to ensure the development, utilisation and conservation of the social and natural environment.

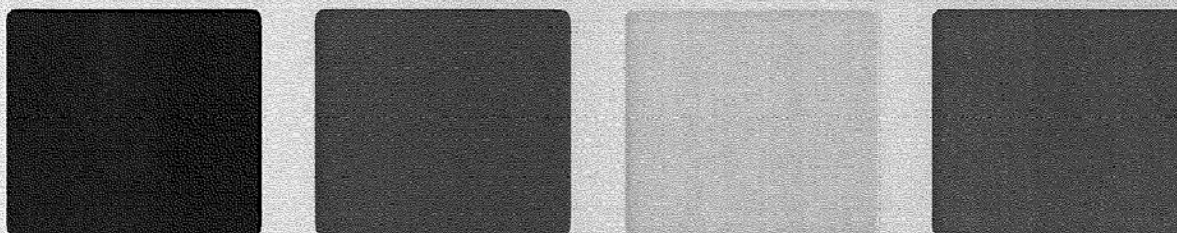
Overview of services provided and narrative on performance for the year.

- Two full time Environmental health practitioners are employed. Their main focus areas are noise and air pollution prevention, overgrown erven, the enforcement of the national legislation regarding smoking in public places, keeping of animals, issuing of business licences, pauper burials and environmental health projects. They are also involved in the public participation process for the Air Quality Management plan for the Eden District Municipality which includes George.
- Environmental health education projects included the National Water week, Sanitation week, Tobacco week, Environment day and Labour week. The beneficiaries of these projects were crèches, school children, municipal employees and the general public.

Performance indicators	2007/2008	2008/2009
Noise nuisance complaints	66	21
Air pollution complaints	23	21
Smoking in public places complaints	14	8
Complaints regarding overgrown erven	451	218
Number of complaints received	803	299
Number of complaints resolved	100%	98.9
Number of environmental sessions held	3	5
Number of people reached with environmental sessions	264	275
Uncontrolled dumping	73	14
Keeping of animals complaints	88	48
Issuing of business & entertainment licences	29	24
Pauper burials	56	32
Telephonic enquiries	1014	948

The Environment health section operates in close collaboration with the health inspectors of the Eden District Municipality in order to combat unhealthy and environmentally unfriendly situations. The Department Environment Affairs is housed at 82 Meade Street. Tel 044 8022900

2.7]]
directorate
community safety
direktoraat
gemeenskapsveiligheid



INTRODUCTION

The Department of Community Safety which comprises Municipal Law Enforcement, Disaster Management, Fire and Traffic Services was established in 2007 by political mandate to address the safety needs of the community of George. The department delivers policing services through a partnership-approach with the communities it serves. It aims to create a safe and secure environment for all residents, citizens and visitors within George through effective community policing, traffic policing, by-law enforcement and other integrated crime prevention initiatives. It furthermore strives to provide fire and disaster management services which are in line with international best practices. The 2008/2009 financial year saw a number of significant achievements the Department Community Safety which will be discussed below.

SERVICE DELIVERY UNIT: FIRE BRIGADE AND DISASTER MANAGEMENT

During the 2008/9 financial year significant financial resources were committed to the acquisition of additional fire fighting equipment as well as for the upgrading of the fire station. Advanced planning has been done for the decentralisation of the fire services, which will result in the construction of two new satellite fire stations in Hoekwil and Thembaletu during the 2009/2010 financial year. The shared services agreement with Eden District Municipality with regards to disaster management has proved to be effective in dealing with local disaster in George especially in preparation for the upcoming 2010 Soccer World Cup. The Disaster Management Plan which was reviewed and approved by Council will result in the establishment of a Disaster Risk Management Forum which aims to ensure strategic oversight over all disaster risk management activities.

A draft Disaster Risk Management Volunteer Policy will ensure the standardisation of the recruitment and deployment processes and the utilisation of disaster risk management volunteers within George, once approved by Council.

Performance Indicator	2007/2008 Actual	2008/2009 Actual
Emergency call outs	742	548
Average Response time (urban)	8	8
Average Response time (urban)	17	18
Drowning	1	2
Fire emergencies leading to loss of life	10	10
Number of Fires	543	464
Number of fire inspections conducted	580	263

Traffic Law Enforcement, Vehicle Registration and Licensing and Drivers Licensing

Through integrated planning the department was able to achieve great success in driver behaviour over the 2007/2008 festive season. The introduction of a 24 hour shift system for traffic and law enforcement services has added value to our visible policing concept which undoubtedly ensured compliance amongst motorists, residents of and visitors to George. Furthermore our continued commitment towards the National Arrive Alive Campaign is evident by the number of drivers arrested for driving whilst under the influence of intoxicating liquor.

In keeping with our commitment to the *Batho Pele* principles, the department has upgraded the motor vehicle registration offices by making it more client friendly. Free vehicle road-worthy tests were also made available to motorists before embarking on a long journey over the festive season.

A significant achievement in the performance of the Traffic Department is the fact that despite an increase in the number of drivers licence applicants tested from 5913 to 6714, the waiting period for drivers licence appointments was reduced to three months.

Parking and moving violations are common throughout George which invariably infringes upon the rights of law abiding residents and visitors and in some cases endangers lives. The Department of Community Safety is committed to intensify law enforcement against motorists who blatantly disregard the rules of the road.

It is an accepted phenomenon that as a city grows, its public transportation system has to keep pace with such development to ensure that sufficient capacity is provided to meet the growing demand for transportation. To this extent the department of Community Safety in partnership with the Civil Engineering department is working earnestly on regulating the mini-bus industry to ensure smooth transition into the Mobility Strategy.

Performance Indicator	2007/2008	2008/2009
Complaints attended to by traffic officers	Actual	Actual
Number	1 104	1328
Man Hours	1 678	1685
Special functions attended by traffic officers		
Number	687	1296
Man Hours	3 576	2294
Motor vehicle & Drivers licence		
Motor vehicle licence transactions	64 272	84 990
Applications for renewal of car type drivers licence	3 026	8714
Drivers Licences issued	2 468	5226
Learners licences issued	5174	3740
Traffic offences		
Moving violations (red light, stop signs, speeding etc	22 770	55280
Parking offences	767	837
Unlicensed driver and motor vehicles	5 913	6714
Motor vehicle defects	682	983
Overloading	110	51
Safety belts	1 246	987
Cellular phone violations	1 606	1182
Number of road safety educational events held	172	15
Number of taxi violations	5 564	744
Number of Drunken Drivers Arrested		140
Sundry offences	394	231
Number of motor vehicle accidents		
Fatalities	11	
Major	24	
Minor	875	678

Law Enforcement and Security

In keeping with our commitment to protect the assets and personnel of George Municipality, the department has upgraded the internal CCTV surveillance system as well as the access control system. The adoption of a Fraud and Corruption Policy by Council as well as the launch of the Anti-Fraud and Corruption Hotline is indicative of our commitment to the eradicating fraud and corruption among officials, councillors as well as private contractors. In close collaboration with the Provincial Department of Transport, the Department of Community Safety has secured funding for the installation of CCTV cameras to guarantee the success of the intended Mobility Strategy.

In close co-operation with the SAPS and the community of George, the Department of Community Safety undertook various Social Crime Prevention initiatives which focussed primarily on domestic violence, gangsterism, drug abuse and youth development. These initiatives resulted in the prosecution of numerous by-law offences.

It is a known fact that the prevalence of crime continues to threaten the well-being of the citizens of any City as well as its ability to attract and retain investment. In this regard the department of Community Safety aims to improve its performance in traffic policing, by-law enforcement and general law enforcement as well as to vigorously pursue the possibility of the installation of a CCTV network covering key shopping, business and transport locations as well as crime hot spots.

Performance Indicator	2007/2008 Actual	2008/2009 Actual
Number of prosecutions of owners of stray animals	12	8
Number of animals impounded	38	96
Number of by-law offences	1 481	1823
Number of arrests	534	90



2.8]]

direktoraat finansiële dienste



1. INTRODUCTION

The Financial Services Directorate manages the financial affairs of the municipality to ensure the optimum use of all municipal assets. In essence this directorate is the protector and custodian of the public purse as it levies taxes and charges on the public, collects the taxes and charges from the public and administers the expenditure of those taxes and charges on goods, services and assets on their behalf.

The financial processes this directorate manages include budget preparation, budget monitoring, reporting, financial statements, supply chain management including stores/warehousing, investments, loans, valuations, rates, services, credit control and IT support.

A. SERVICE DELIVERY UNIT: HOUSING

iDP Key Performance Areas and Objectives covered by service(s)

Governance/Administration and Finances.

Housing administration and financial management of the housing fund, repayment of housing loans and selling and letting schemes.

Overview of services provided and narrative on performance for the year

Financial management service was provided to enable the collection of and management of housing rental fees and selling scheme payments.

Reconciliations of the housing loans, selling and letting payments and housing fund were completed on a regular basis. Assistance to customers was rendered by this section continuously. Issuing of accounts and collection of all amounts rendered for payment.

Performance Indicators

	2006/2007 Actual	2007/2008 Actual	2008/2009 Actual	
Queries of customers attended to	100 %	100 %	100 %	
Accounts rendered to housing customers	100 %	100 %	100 %	
Reconciliations completed	100 %	100 %	100 %	

B. SERVICE DELIVERY UNIT: RATES

iDP Key Performance Areas and Objectives covered by service(s)

Governance/Administration and Finances.

Administration of property rates register and levying of assessment rates on municipal accounts.

Continuous updating off rates register in accordance with interim valuations completed.

Overview of services provided and narrative on performance for the year

The property rates unit managed to incorporate all interim valuations finalized by the municipal valuer. All the information received from the deeds office was incorporated in the records of the municipality.

The implementation of the various procedures resulted in an increase in the municipal valuation, land and buildings, with the subsequent increase in revenue.

Performance Indicators

	2006/2007 Actual	2007/2008 Actual	2008/2009 Actual	
Percentage of registered clients billed prior to last working day of month	100 %	100 %	100 %	
% of clients billed per month	100 %	100 %	100 %	
Owner Property register updated	Quarterly	MONTHLY	MONTHLY	
Months without 5+ legitimate complaints regarding incorrect accounts	10	12	12	
Valuation - Taxable Land	R3,1 Billion	R3,4 Billion	R6 Billion	
Valuation - Taxable buildings	R5,9 Billion	R6,5 Billion	R30 Billion	

Note: With the implementation of the Municipal Property Rates Act as from 1 July 2008, land and buildings are no longer valued separately.

c. SERVICE DELIVERY UNIT: CREDIT CONTROL

iDP Key Performance Areas and Objectives covered by service(s)

Governance/Credit Control

The implementation and management of the approved Credit Control and Debt Management Policy and the approved Indigent Policy with the main objective to limit the increase in consumer debtors.

Overview of services provided and narrative on performance for the year

This unit provided the service through a process where the following aspects were, inter alia, addressed:

- Reporting monthly re collections and outstanding debts;
- Attending to correspondence and enquiries regularly;
- Handing over of accounts to credit control agent for collection;
- Liaising with credit control agent and attorneys and monitoring collections;
- Ensuring that disconnection of services were made as and when required; and
- Assist consumers regarding arrangements for payment
- Administration of indigent register

Performance indicators

	2006/2007 Actual	2007/2008 Actual	2008/2009 Actual	
Actual service terminations expressed as a percentage of proposed service terminations	97%	100%	100%	
Indigent applications evaluated	98%	100%	100%	
% of accounts paid	96%	97%	98%	
% of debtors handed over after 150 days	100%	100%	100%	

D. SERVICE DELIVERY UNIT: STORES/WAREHOUSING

iDP Key Performance Areas and Objectives covered by service(s)

Governance/Administration and Finances

The maintenance of acceptable stock levels and limiting stock surpluses and shortages to acceptable levels.

Rendering a service of high standard to all directorates.

Overview of services provided and narrative on performance for the year

This unit rendered a comprehensive service to all directorates, especially the technical directorates. The unit succeeded in preventing stock shortages to the users, avoid unacceptable delays and maintained stock levels to acceptable levels. The unit achieved a result regarding surpluses and shortages far above the acceptable norms. The unit performed excellently.

Performance indicators

	2006/2007 Actual	2007/2008 Actual	2008/2009 Actual	
Value of stock at yearend	R5,600,000	R9,500,000	R6,300,000	
Stock surpluses	0,01 %	0,05 %	0,06 %	
Stock losses	0,01 %	0,05 %	0,01 %	

e. SERVICE DELIVERY UNIT: COMPUTER MAINFRAME

iDP Key Performance Areas and Objectives covered by service(s)

Governance/Communication; Administration and Finances

Rendering a support service on the financial system to all directorates, especially the Directorate Financial Services.

Overview of services provided and narrative on performance for the year

The computer mainframe unit rendered their services in such a sufficient manner that all deadlines regarding consumer accounts, salary payments, creditor payments, budgeting documentation, financial statement preparation and statistical data capturing could be achieved.

Performance indicators

	2006/2007 Actual	2007/2008 Actual	2008/2009 Actual	
Months billing deadlines were achieved	12	12	12	
Downtime percentage	1 %	1 %	1 %	
Months reporting deadlines achieved	12	12	12	

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F. SERVICE DELIVERY UNITS: FINANCE, SALARIES, BUDGET OFFICE, FINANCIAL STATEMENTS

iDP Key Performance Areas and Objectives covered by service(s)

Governance/Administration and Finances.

The financial management of the municipality through applying financial controls, standards, formats, guidelines and principles are determined by the relevant financial legislation.

Overview of services provided and narrative on performance for the year

The following services are, inter alia, provided by these service delivery units:

- Contract and creditor payments;
- Cash management
- Risk management;
- Investment management;
- Reporting to committees;
- Payment of salaries;
- Budget preparation;
- Budget control;
- Procurement management;
- Asset management;
- Policy maintenance;
- Financial statement preparation;
- Audit communications;
- Statutory reporting; etc.

Performance indicators

	2006/2007 Actual	2007/2008 Actual	2008/2009 Actual	
Months during which bank reconciliation have been completed	12	12	12	
Payment of Creditors within 30 days	100%	100%	100%	
Months that salaries were paid on 25th or last working day prior to 25th	12	12	12	
Salary Related Deductions transferred prior to 7th of current month	100%	100%	100%	
% of purchases reflected in asset register	100%	100%	100%	
Asset Management: Depreciation reflected in asset register	Annually	Annually	Annually	
Percentage of insurance claims settled within 90 days	95%	95%	95%	
Number of months without unauthorized spending	12	12	12	
Months General Ledger is fully balanced	12	12	12	
Months bank reconciliations complete	12	12	12	
Financial Statements completed	12/09/2007	31/08/2008	31/08/2009	
Cash management and investment policy approved by Council	YES	YES	YES	
Budget tabled by 31 March	YES	YES	YES	
Budget approved by 31 May	YES	YES	YES	

2.9]] directorate office of the assistant municipal manager (strategic services) direktoraat kantoor van die assistent munisipale bestuurder (strategiese dienste)



INTRODUCTION

The Department of the Assistant Municipal Manager was established during 2007 and consists of the following Sections.

Management Services:

- Legal Services
- Ward Committees
- Office of the Executive Mayor and Councillor Support
- Intergovernmental and International Relations

communication and Development

- Local Economic Development
- Tourism
- Communication and Public Relations
- Special Events

Social Development and Strategic Services

- Integrated Development Plan
- Performance Management System
- Social Development:
 - o Social Services
 - o Youth development
 - o HIV/AIDS Projects
- Gender
- Disability

OFFICE OF THE EXECUTIVE MAYOR

The 2008/2009 financial year was a very eventful and productive year, in which the municipality has been able to achieve numerous awards on both provincial and national level. Services were improved and a number of demanding challenges were overcome. However, this municipality is aware of the fact that challenges still remain and it is our desired aim to maintain high standards and to vigorously strive to improve on our performance to the benefit of our local economy and its citizens.

ACHIEVEMENTS

- a) The George City Council has made tremendous strides towards achieving its objectives and I am proud to highlight the performances for the past year: The IMESA Winner in the Environmental category for Outstanding Municipal Engineering Services for the Kaaimans Pump station Project
- b) The WISA Wilson Award for the best medium Sewerage Works in the country
- c) The IMESA Finalist for the best EPWP project in the land.
- d) The IMESA Finalist for the best Public Works Project for the building of streets and sidewalks, through labour intensive programs in the Streets and Stormwater category.
- e) Kudu Award 2009 for a non profit corporate institution for our contribution towards conservation for the Touw River Pipeline Project
- f) Blue Drop Award for Excellence (Medium System)
The status provides citizen's with information on the confidence that DWAF has in drinking & waste water management
- g) Green Drop Award for Excellence (Medium System)
- h) CESA Glenrand MIB Engineering Excellence Award commendation for a project less than R10 m for the Garden Route Dam.

CONDITIONAL GRANTS

100 % Expenditure of MIG Funds by September 2008

TOURISM :

PMR GOLDEN ARROW AWARD 2009: Southern Cape Region Leaders and Achiever

- a) 1st Overall: Category - Tourism Development Companies Outstanding
- b) 2nd Overall: Category - Companies / Institutions doing the most to enhance tourism, Excellent

SPORT

This year the City Council will be hosting the 8th International Rugby Board's Sevens Tournament - this at an operational cost of R3 million. In the past years the Council has spent R10 million on capital improvements to the Outeniqua Park stadium, without any help from the government. This tournament is being broadcasted to 30 million viewers each year, and draws in the region of 18 000 spectators.

INTERNATIONAL RELATIONS

Council continuously strives to improve international relations, and in the past year we have hosted the new Consul General of China as well as the Ambassador of Israel.

THE YEAR AHEAD

Although good progress has been made during the 2008/09 financial year, this does not mean that there is not more to be done. Key challenges for the year ahead still remains. Some of the main challenges we face is:

- poverty and unemployment,
- HIV/AIDS and drug abuse,
- infrastructure development and maintenance,
- the provision of low-cost housing and
- the influx of informal settlements and back yard dwellers.

WARD COMMITTEES

George Municipality has 20 wards of which 19 wards are functional. Ward Committee meetings are held quarterly.

A Ward Committee Forum was established in July 2008 mainly to enhance the strategic relationship between the George Community and George Municipality. The composition of the forum is as follows:

Speaker: Chairman
Ward Councillors
Municipal Manager
Senior Managers
Representative from each Ward Committee

This forum meets quarterly, just after the ward committee meetings. The minutes and common ward issues are discussed at this forum.

A District Ward Committee Summit was held on 14 November 2008. The purpose of the summit was to assess the current situation in the Eden District, to get first-hand inputs from the members of the ward committees and to jointly as different spheres of government determine what is needed to enhance the functioning of ward committees in the Province.

A Local Ward Committee Summit was held on 28 May 2009 so that all parties involved can get the opportunity to give their inputs in the current functioning of the ward committee system of George.

Public Participation Activities

Activity	Date
Drivers License Project	
This is for ladies between 35 - 50 yrs	31 March 2009
International Candle Light Memorial Day	17 May 2009
Annual Event: To show Council's support to HIV infected and affected persons	
Ward Committee Summit	28 May 2009
Report Back and Information Session on Ward Profiles (IDP)	12 June 2009
Youth Day	16 June 2009
Housing Imbizo	25 May - 8 June 2009
H I V Training	17,18 and June 2009

LOCAL ECONOMIC DEVELOPMENT

Review

This year was marked by changes in the staff compliment at the LED office. The following Key Performance Indicators were set for the 2008/09 financial year:

LED Charter	- Quarterly review / Update	Completed 100%
LED Implementation Plan	- Revise / Update	Completed 100%
LED strategy in place	- Revise / Update	Completed 100%
Establish LED forum		Not Completed

Appropriate guidelines for public and private development and investment in place	Completed 100%
---	----------------

Ensure economic development by collecting, maintaining and disseminating relevant statistics.	Completed 100%
---	----------------

Projects

The following four projects were also identified and attended to:

- Men on the Side of the Road (MSR) - As an agreement was conclude in terms of which MSR will be established on municipal land, discussions were held for the erection of a building for MSR, a non profit organisation (NPO), on Erf 464, Industrial Street, George.
- Masakhane Mall - A number of meetings were held with the various groups of people who want to be part of this project. It is necessary to formalise a group and discuss the developmental issues such as training, the terrain and building layout, development partners, etc.
- Eden School of Culinary Art (ESCA) - This School applied for funding from the LED Unit in order to be able to present for disadvantaged students and purchase equipment. Provision will be made on the 2009/10 financial year for assistance.
- Furntec - This organisation has also applied for LED funding for the training of people in the wood industry. Consideration will also be given to funding in the next financial year.

Social Development Section

Social Services and Community Development Projects

(July 2008 - June 2009)

PROGRAMMES AND PROJECTS:

War on Poverty

As part of the task team, the Social worker was involved with the arrangements for the Regional Poverty Indaba.

Food Garden Project

The Social workers provide seeds for individual and community food gardens. The produce are used for household nutrition or sold to generate income. Over two hundred gardens were established in the George district.

Arts and Crafts groups

The groups mostly consist of women. The social work section provides support and assist with the marketing of articles

Articles are sold to generate income.

Soupkitchens

About 210 soupkitchens were established in the district of George. A dietician from PAWC were approached to address and improve the nutritional value of the soup products. Approximately 25 297 children and 1 251 adults benefited from this.

Blanco Safe House

The Home for Children Living on the Street is managed by Kidstop since February 2008. Approximately seven (7) children were placed back in school and nine (9) children were reunited with their families. About eleven (11) children underwent and completed the basic reading and writing programme at Kidstop successfully.

Council Crèches

The social workers assist with capacity building of staff and governing structures. Monthly monitoring takes place. The social development section provides alternative support by channelling services to address problems and needs of the crèches.

Aftercare Projects

The social workers are also involved in the establishment and capacity building of aftercare centres. Volunteers are assisted with registering with Provincial Department of Social Development. The aftercare in Wildernishoogte is monitored on a monthly basis. Children receive a daily meal.

Drug Abuse Awareness Project

The Drug awareness campaign kicked off in February/March 2009. Activities included a door to door campaign, distribution of pamphlets posters and stickers, informative radio talk shows, newspaper articles, information stalls, puppet shows, a drug awareness day and networking with Departments and Organisations.

Holiday Programmes

A week long holiday programme took place during April and June 2009. The programme included life skills education. Various organisations focussed on topics such as drug awareness, HIV awareness, child safety and decision making. The children received a daily meal.

Information sessions

Information sessions take place monthly and focus on social challenges and municipal services. More than 2000 persons were reached.

OCC Wheelchair Competition for Primary Schools

The social workers were involved in the planning of the annual OCC school wheelchair competition and also co-ordinated the activities for the day.

HIV and TB Awareness Projects

The social workers assist with TB and HIV projects on a regular basis such as door to door programmes and awareness days. They also form part of the treatment and care working group of the HIV subcommittee.

Training

The community groups received beadwork training during May 2009.

Pauper Burials

Approximately 19 pauper burial investigations took place and were recommended.

YOUTH DEVELOPMENT

1. DRIVERS LICENCE PROJECT

This project targeted youth who volunteers their services to the community or work for a small salary at service organisations

2. TRAINING, SKILLS DEVELOPMENT AND AWARENESS AND INFORMATION SESSIONS

Various information and awareness sessions were organised through the course of the year to youth groups and organisations. Topics here will include HIV/AIDS, crime, sexuality, careers choices, etc. Training and skills development were presented to youth organisations and groups. Topics included First Aid training, leadership skills, entrepreneurial skills, referral to organisations, etc. The purpose here is to equip the youth in these organisations to develop other young people that they render a service to.

3. YOUTH SUMMIT

A very first Youth Summit was held with a focus on youth and sports. Delegates who attended were from George and the rest of the Western Cape Provinces. The Summit sought to motivate youth into pursuing sports as a career, being motivated by professional sports people, creating awareness around 2010 and to network with other youth structures from the Western Cape Province.

4. ROADSHOWS

Road shows were started in this financial year to inform Ward committees around Youth Development in George. The sessions were not completed in this year, but ran over into the next financial year.

5. VOLUNTEER PROGRAMME

A great deal of young people volunteers their time and services to develop and improve their communities. These volunteer programmes included clean-up campaigns in their neighbourhood, conducting training, mentor programmes, after school programmes and community safety initiatives.

YOUTH DAY

Youth Day was celebrated at Thembaletu Sports grounds this year. The day saw over 1500 young people attending the celebrations of the day. Information stall were available where different institutions displayed and made their services to the youth.

A very successful networking evening was also held on this day, where the good work that youth organisations are doing were showcased through presentations. These organisations were presented with a certificate of gratitude for the good work that they were doing from the George Municipality.

6. CAREERS EXHIBITION

The Careers Exhibition targeted Grade 9 learners from local high schools. In conjunction with the Department of Education a Careers Exhibition was held where different tertiary institutions exhibited the different career paths that they have on offer. The school psychologists of the Department of Education explained to the learners which subjects they need to complete successfully for certain careers.

7. SPORTS PROJECTS

This project was done in conjunction with the Sports Development Section of the George Municipality. The focus was mainly on youth in the rural areas of George and is part of a 3 year period. Educational and information sessions coupled the sports clinics.

8. HOLIDAY PROGRAMME

Holiday programmes were organised in conjunction with local youth development organisations. Youth were provide with information around opportunities available to them, talent shows and sports games were organised as well.

9. YOUTH SEXUALITY PROGRAMME (TEENAGE PREGNANCY PROJECT)

A group of young people were trained in basic topics around sexuality and research in order to do a survey around the high teenage pregnancy figure amongst teenagers in the Borchers area. The project started in 2007/2008 financial year and spilled over into the 2008/2009 financial year as the group continued with awareness campaigns at schools. Some of the group members were place into life skills programs and ABET classes as some of them were found to be early school leavers and also struggled with personal problems.

10. INDIVIDUAL SESSIONS

Besides projects that are initiated from the Youth Office, many young people are assisted daily who come into the office for assistance. The assistance will include counselling around problems they face, ideas that they want to turn around into projects, financial assistance, school projects or assignments

GENDER/DISABILITY COORDINATOR

The position of Gender/Disability Coordinator in the Office of the Assistant Municipal Manager (Social Development and Strategic Services) were advertised and filled for the first time on 1 July 2008. No infrastructure, policies, developmental plans and or other programmes existed from which the newly appointed employee could draw assistance from. The section had to be developed and build to serve the community and implement requirements as set out by various legislations to mainstream disability and implement Gender action plans.

A. Performance Highlights

1. Audits:

All Municipal buildings were scanned and evaluated according to:

- Accessibility
- Parking at the building
- Toilette facilities
- General signage for persons with disabilities

All Municipal posts/positions audit to identify appointment positions for persons with disabilities & gender

- Job requirements
- Availability

Needs of women in the organization regarding training, development and other

2. Policies:

- Disability Policy for Employees
- Policy for support of Disability Projects
- Gender Policy for Employees
- Application and Evaluation form of Festivals supported by Council

3. Other Policies:

- Developmental Plan for Disabilities
- Developmental Plan for Gender
- Disclosure of disability
- Trading bays for disabled persons

B Projects/Programmes

1. Awareness

- Casual Day: An activity was done in collaboration with the Department of Civil Engineering to access the wheelchair friendliness and the accessibility of the street of George in York and other side streets.
- Female Cancers Awareness Day: This was done in collaboration with Canca and Provincial Health.
- Make up and Wake up Fun walk: A 3 km fun walk in support of the 16 days of activism campaign against abuse of women and children
- Deaf/Blind Awareness Day: Activities to highlight the difference between visually and hearing impaired and the various conditions

2. Special Days/Events

- Women's Day
- Outeniqua Wheelchair Challenge
- Schools activity for wheelchair friendliness awareness

3. Sensitizations sessions:

- Various types of disabilities
- Women's rights in the workplace and after divorce

4. **Training**
 - ABET for persons with disabilities
 - Drivers Licences for women 35 years - 50 years
 - Accessibility in the Built Industry National seminar
5. **HIV Special Events:**
 - International Candle Light Memorial Day - for all members of community
 - Khomonani Day - adults
 - World Aids Day - children
6. **Other functions for Council**
 - Mayoral Gala Fundraising Event
 - Character Transformation Project
 - Christmas Function for the Elderly
 - Lights Festival

HIV/AIDS

The HIV Sub-Committee consists of three working groups, namely:

- Education and Awareness
- Treatment and Care
- Special Events

The working groups consist of members of the community and officials of the Municipality and meet on a monthly basis in order to plan and implement HIV projects. Each year a strategic session is held whereby members of the community are invited to join these working groups in order to plan the projects for the forthcoming year. All projects are coordinated by the HIV Coordinator.

a. Education and Awareness

Various projects were launched by the Education and Awareness working groups. Programmes include the Door-to-Door Campaigns, whereby fieldworkers visit the community in the privacy of their homes in order to give information regarding HIV/AIDS. The members of the public undergo voluntary counselling and testing at non-medical sites.

Condoms and brochures were distributed in different areas and organisations. VCT and various information sessions were held at different areas and organisations. From May 2009 up to October 2009, 86 450 male condoms and 400 female condoms has been already distributed. ± 10 000 people has been reach and 225 VCT has been done.

The PMTCT program was also held in 2 areas in George, Blanco and Pacaltsdorp. The aim of these events was to motivate expecting mothers and mothers with children, to take care of their own health as well as that of their babies and children.

Awareness Campaigns were held in Conville and Parkdene. The seriousness of the HIV/TB pandemic was conveyed very effectively to the learners and community.

Training has been given to 87 people regarding HIV/AIDS to equip the community with the necessary knowledge.

b. Treatment and Care

There are various projects that are functioning under the "Treatment and Care" Working Group. The groups are involved with creative activities such as knitting, needlework, beadwork and fabric painting. There are currently six support groups who have been taught various skills. Three groups are already functioning independently. With this money they, in turn, buy small necessities. The rest of the groups are selling their products within their various communities to generate an income.

Vegetable gardens have been establish at private homes, clinics and crèches in order to assist HIV sufferers with their nutritional needs.

There are one clothing bank in Conville who than distributed the clothing to Lawaai kamp and Thembaletu. The clothing banks are dependant on donations from the public.

The ARV Care Programme makes provision for the issuing of coupons for food parcels to HIV positive persons who are awaiting grants. 120 Food parcels have already been provided to HIV positive persons.

c. Special Events

Each year, International Candle Light Memorial Day, Khomanani Day and World Aids Day are celebrated in order to promote HIV Awareness and to remember those who are infected and affected by HIV and AIDS.

IDP/PMS Unit:

The IDP Process

The Municipality adopted its second Reviewed Integrated Development Plan (IDP) for the 2009/10 financial year on 27 May 2009. The Plan is a documented result of a planning process that started in August 2008 and reflects the key development priorities of the Municipality over a five year period. The planning process was strategic in nature and involved determining Key Performance Areas, Targets, Identification of projects and Costing of activities.

During the process the Municipality developed Ward Profiles for each of the 20 Wards. These profiles serve as basis for future planning and identification of projects. The Municipality also ensured proper alignment between the IDP and the Service Delivery Budget Implementation Plans (SDBIP's). This resulted in funded projects and activities, in the IDP, making it an implemental document that is measurable.

Despite the national and provincial elections, the Municipality held its annual Budget/IDP Road Show during April and May 2009. All communities again had the opportunity to provide comments on the draft IDP and Budget. These comments were processed and the final document tabled before Council on the said date.

The adopted IDP document was send to the Minister for Local Government and Housing for formal assessment. The Municipality is still awaiting the results of this assessment.

The adopted final document was also published on the official web site of the Municipality and is one of the most visited documents on the site.

Organisational Performance Management System

The Municipality developed an Organisational Performance Management Framework. This framework was adopted by Council in December 2008. This paved the way for the Municipality to implement the Isolomzi Electronic Reporting System, which is the backbone of the organizational performance management system.

Being the first year of implementation it was decided that each Department would identify a limited number of projects to be included. Each of these projects was broken up into indicators, targets, activities, expenditure etc. This information was captured in the system and reporting started at the end of July.

All the respective project mangers received training on how to use the system and ongoing support is provided by the IDP/PMS Unit.

The system enables the Municipality to keep track of project progress and it provides an overall performance score. Monthly reports are presented to Senior Management, the Audit Committee and quarterly reports to Council.

The intention is to increase the number of projects in the system the next financial, trying to include as much projects as possible.

Legal Services

The position of Manager: Legal Services was vacant for a considerable period during the 2008/09 financial year and was only filled on 1 February 2009.

The Legal Services Section endeavors on an ongoing basis to reduce legal costs by identifying possible problem areas and to act proactively to ensure that litigation is avoided as far as possible.

Legal advice is given on an ongoing basis to Council, the Mayoral Committee, Section 80 Committees and officials to enable them to fulfill their functions efficiently.

An application to the Department of Justice to establish a Municipal Court in George is currently being considered. It is envisaged that a Municipal Court will alleviate the backlog in municipal cases which is currently experienced. For this reason an updated Municipal Code (Code of By-laws) as prescribed in Section 15 of the Municipal Systems Act is also receiving attention to enable the Law Enforcement Section to function more efficiently.

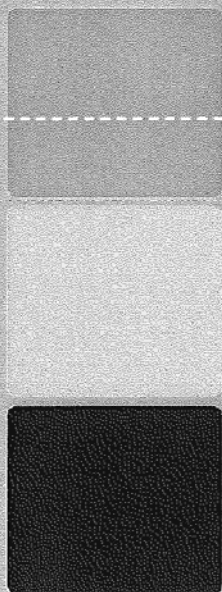
TOURISM

In its efforts to market George as a preferred tourism destination of choice and the ideal base from which to explore the Garden Route and Klein Karoo, the George Wilderness Tourism Organisation attended the ITB Tourism Show in Berlin, Germany, the Indaba Tourism Show in Durban, the Getaway Tourism Show in Randburg, Gauteng and the Outdoor Tourism Show in Franschhoek. These shows were done in conjunction with Eden District Municipality and the other tourism offices in the Garden Route and Klein Karoo. Appropriate marketing material was designed and produced for the overseas market. Several advertisements and articles were placed in selected newspapers and magazines. Assistance was given to the organisers of a Kenyan Supporters tour to the IRB 7's Tournament held in George. The number of overseas visitors to the offices increased markedly. The office made valuable inputs being a member of the Outeniqua Choo-Tjoe Steering Committee which had to decide on the future of this tourism icon.

The organisation was awarded a "Silver Arrow Award" by Professional Management Review. Africa, for "companies doing most in their business sector over the past 12 months to stimulate economic growth and development in the Southern Cape in the Tourism Sector

annual report 2008 / 2009

3]] human resource and organizational development menslike hulpbron en organisatoriese bestuur



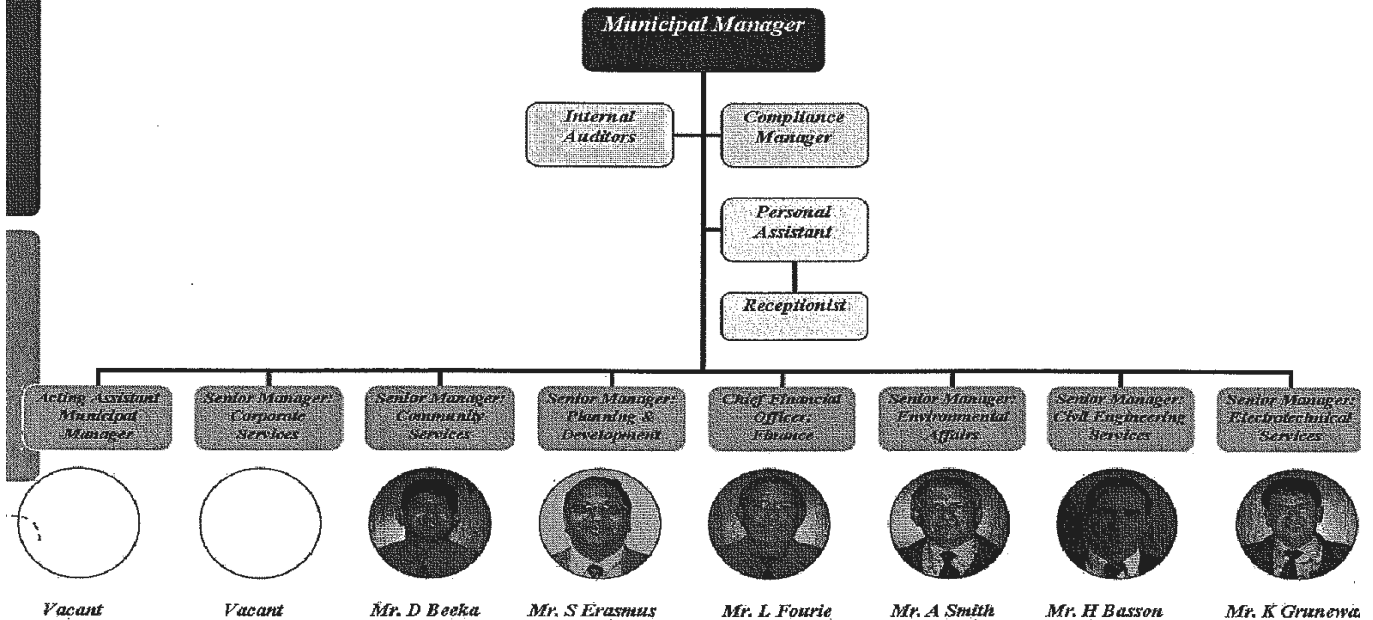
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INTRODUCTION

After more than two years without a Municipal Manager, Mr Cecil Africa took up office on 1 August 2006. With a view to optimally utilizing the resources at his disposal to enhance effective service delivery, he initiated a full scale restructuring exercise of the macro organizational structure.



Mr. C. Africa



Deputy to Municipal Manager:

- o IDP/Performance Management
- o Participation & Communication
- o Intergovernmental Relations
- o International Relations
- o Councillor Support
- o Legal Services
- o Economic Development
- o LED
- o Tourism

Senior Manager: Financial Services (cFO)

Mr I H Fourie

- o Income/Revenue
- o Expenditure
- o Budget Office
- o Financial Statements
- o Supply Chain Management
- o Investments
- o Asset Management & Control
- o Valuations
- o Insurance

Senior Manager: corporate Services

Adv S Lourens

- o Customer Care
- o Human Resources
- o Information Technology
- o Administration
- o Registry/Records
- o Committee Services
- o Libraries

Senior Manager: environmental Affairs

Mr A J Smith

- o Cleansing
- o Parks & Recreation
- o Cemeteries
- o Public Open Spaces
- o Swimming Pools
- o Beaches
- o Sports
- o Grounds
- o Caravan Parks
- o Corporate Facilities
- o Maintenance

Senior Manager: Civil Engineering Services

Mr H L Basson

- o Roads & Stormwater
- o Water
- o Sanitation/Sewerage
- o Transport
- o Planning/Traffic
- o Engineering
- o Mechanical Workshop

Senior Manager: electrotechnical Services

Mr K Grunewald

- o RED
- o Interaction o
- Distribution
- o Street Lighting
- o Client Services Systems o
- Operations/Maintenance
- o Infrastructure Development
- o Electrical Workshop
- o Traffic Lights
- o Fleet Management
- o Vehicle Maintenance

Senior Manager: Planning & Housing

Mr S erasmus

- o Town Planning
- o Development
- o Control
- o Spatial Planning
- o Property/Land Use
- o Management
- o Environmental Impact Studies
- o Building Control
- o Housing
- o Integrated Human Settlements

Senior Manager: community Safety

Mr D Beeka

- o Disaster Management
- o Fire Fighting Services
- o Traffic Services
- o Law Enforcement
- o Security Services

DEMOGRAPHICAL PROFILE PER OCCUPATIONAL LEVELS AS AT 30 JUNE 2008

POST LEVEL	AFRICAN			COLOURED			WHITE			INDIAN			TOTAL
	MALE	FEMALE	TOT	MALE	FEMALE	TOT	MALE	FEMALE	TOT	MALE	FEMALE	TOT	
TOP MANAGEMENT													
Municipal Manager & Senior Manager	0	0	0	3	0	3	4	0	4	0	0	0	7
SENIOR MANAGEMENT													
Post level 19 – 21	0	0	0	6	0	6	1	1	2	0	0	0	8
MIDDLE MANAGEMENT													
Post level 14 – 18	2	0	2	15	2	17	18	25	33	1	0	1	53
SKILLED													
Post level 9 – 13	19	13	32	78	36	114	34	17	51	1	0	1	198
SEMI-SKILLED													
Post level 4-8	101	38	139	144	109	253	27	27	54	1	2	3	449
UNSKILLED													
Post level 1-3	92	29	121	107	53	160	2	0	2	0	0	0	283
TOTAL	214	80	294	353	200	553	86	70	146	3	2	4	998

APPOINTMENTS AND PROMOTIONS 1 July 2009 to 30 June 2009

	AFRICAN			COLOURED			WHITE			INDIAN			
POST level	MALE	FEMALE	TOT	MALE	FEMALE	TOT	MALE	FEMALE	TOT	MALE	FEMALE	TOT	TOTAL
TOP MANAGEMENT													
Municipal Manager & Senior Managers	0	0	0	0	0	0	0	0	0	0	0	0	0
SENIOR MANAGEMENT													
Post level 1 – 3	0	0	0	0	0	0	0	0	0	0	0	0	0
MIDDLE MANAGEMENT													
Post level 4 – 6	0	0	0	0	0	0	0	0	0	0	0	0	0
SKILLED													
Post level 7 – 12	0	0	0	1	0	1	0	0		0	0	0	1
SEMI-SKILLED													
Post level 13 –16	1	4	5	21	6	27	1	0	1	0	0	0	33
UNSKILLED													
Post level 17 –19	17	0	17	14	8	22	0	0	0	0	0	0	39
TOTAL	18	4	22	35	14	50	1	0	1	0	0	0	73

Skills Development

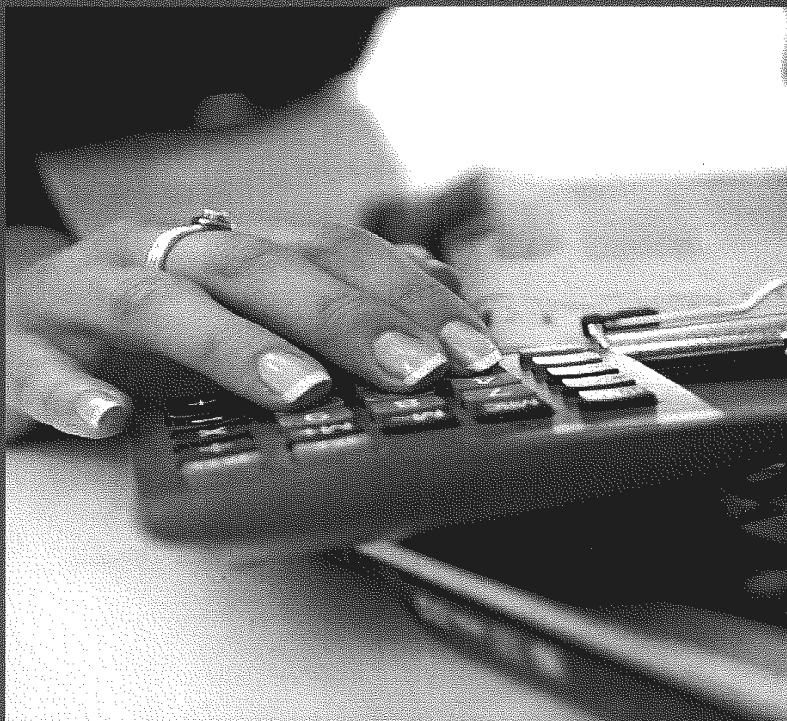
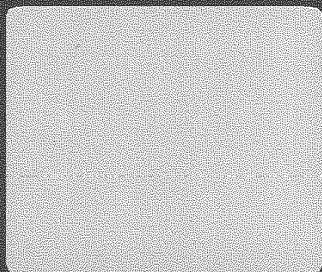
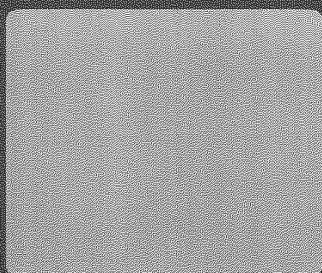
The Workplace Skills Plan was submitted to the LGSETA as required by the Skills Development Act, 97 of 1998. The following Skills Development courses were presented :

Training and Education provided for the period: 1 July 2008 - 30 June 2009

Number	Courses	Amount spend per course / intervention
1.	Foundation Management Development Programme	R 285,000.00
2.	Emerging Management Development Programme	R 210,000.00
3.	Fire Fighter One Training	R 36,708.00
4.	Labour Intensive Construction	R 17,100.00
5.	Cherry Picker	R 12,918.00
6.	HIV/ AIDS Management Programme	R 1,000.00
7.	Effective Minutes for successful meetings	
8.	Modern SHEQ Risk Management	R 28,728.00
9.	K 53 Training	R 14,596.24
10.	Basic Traffic Officer	R 16,055.86
11.	EAP Supervisory Training	R 27,360.00
12.	EAP Supervisory Training	R 27,360.00
13.	Project Management	R 124,500.00
14.	Computer Training	R 57,050.00
13.	Receptionist Training	R 20,520.00
Total		R 878, 896.00
Excluding:		
1. Sustenance & Travelling		
2. Accommodation expenditure		

4]] audited statements and related financial information (financial viability)

30 j u n e 2009



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ANNUAL FINANCIAL STATEMENTS

30 JUNE 2009



**MUNISIPALITEIT
MUNICIPALITY
U-MASIPALA**



George Local Municipality
Annual Financial Statements
for the year ended 30 June 2009

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George Local Municipality

Annual Financial Statements for the year ended 30 June 2009

General Information

Legal form of entity	Municipality
Nature of business and principal activities	Local Authority
Mayoral committee	
Executive Mayor	Alderman P H de Swardt
Councillors	Bezuidenhout, SJ Botha, TJ Esau, LBC Guga, FS Jantjies, AT Jones, HJ Kamte, NF Kruger, RA Laws, AC Londt, RW Maritz, D Mbuzwana Neethling, C Ntozini, FZ Petrus, B Remas, CM Teyisi, T Thanda, JS Von Brandis, EJ Williams, CT
Proportionally elected councillors	Alberts, JST Bityi, NA Bob, C Cornelius, BM De Swardt, PH Grobler, PJL Harris, WBT Hartman, DH Heyns, BF Komani, PB Leholo, PS Muller, JJ Ncamazana, J Pretorius, J Rabinowitz, ML Van der Hoven, PJ Van Zyl, AJ Witbooi, W
Grading of local authority	Grade 4
Accounting Officer	Africa, CM
Chief Financial Officer (CFO)	Fourie, LH

George Local Municipality

Annual Financial Statements for the year ended 30 June 2009

General Information

Registered office

York Street
George

Postal address

P O Box 19
George
6530

Auditor

Auditor General
Chartered Accountant (S.A.)
Registered Auditor

George Local Municipality

Annual Financial Statements for the year ended 30 June 2009

Statement of Financial Position

	Notes	2009	2008
Assets			
Non-Current Assets			
Property, plant and equipment	5	1,646,055,965	1,420,493,570
Intangible assets	6	1,155,120	3,586,113
Loans and receivables	7	4,272,847	4,766,975
		1,651,483,932	1,428,846,658
Current Assets			
Inventories	8	307,390,616	310,306,132
Trade receivables from exchange and non-exchange transactions	9	60,394,570	48,431,611
Other receivables from exchange transactions	10	24,473,231	20,928,568
VAT	11	-	8,337,699
Loans and receivables	7	899,745	730,758
Cash and cash equivalents	12	192,888,192	276,157,389
		586,046,354	664,892,157
Total Assets		2,237,530,286	2,093,738,815
Liabilities			
Non-Current Liabilities			
Loans and borrowings	13	390,705,814	303,998,420
Employee benefits	14	68,046,696	62,432,228
Deferred revenue (payables from non-exchange transactions)	15	249,908,029	195,778,975
		708,660,539	562,209,623
Current Liabilities			
Loans and borrowings	13	20,361,844	14,500,718
Trade and other payables from exchange transactions	17	64,893,628	44,191,011
VAT	11	1,606,761	-
Consumer deposits	18	10,785,097	9,763,615
Employee benefits	14	11,849,736	12,866,881
Deferred revenue (payables from non-exchange transactions)	15	10,511,226	7,287,639
Provisions	16	3,745,850	-
Unspent conditional grants and receipts	19	18,660,306	28,880,203
		142,414,448	117,490,067
Total Liabilities		851,074,987	679,699,690
Net Assets			
Housing development fund	20	70,684,771	66,404,458
Accumulated surplus	21	1,315,770,528	1,347,634,667
Total Net Assets		1,386,455,299	1,414,039,125
Total Net Assets and Liabilities		2,237,530,286	2,093,738,815

George Local Municipality

Annual Financial Statements for the year ended 30 June 2009

Statement of Changes in Net Assets

Figures in Rand	Housing Development Fund	Capital replacement reserve	Capitalisation reserve	Accumulated surplus	Total for Account	Total net assets
Opening balance as previously reported	61,588,891	91,531,817	95,650,568	276,570,511	463,752,896	525,341,787
Adjustments						
Correction of prior period error - Refer note 38	-	-	-	839,703,813	839,703,813	839,703,813
Balance at 1 July 2007 as restated	61,588,891	91,531,817	95,650,568	1,116,274,324	1,303,456,709	1,365,045,600
Changes in net assets						
Surplus for the year	-	-	-	47,417,002	47,417,002	47,417,002
Transfer to capital replacement reserve	-	46,829,349	-	(45,252,826)	1,576,523	1,576,523
Transfer to housing development fund	4,815,567	-	-	(4,815,567)	(4,815,567)	-
Property, plant and equipment purchased	-	(103,692,111)	-	103,692,111	-	-
Offsetting of depreciation	-	-	(9,948,450)	9,948,450	-	-
Total changes	4,815,567	(56,862,762)	(9,948,450)	110,989,170	44,177,958	48,993,525
Balance at 1 July 2008	66,404,458	34,669,055	85,702,118	1,227,263,494	1,347,634,667	1,414,039,125
Changes in net assets						
Deficit for the year	-	-	-	(27,583,826)	(27,583,826)	(27,583,826)
Transfer to housing development fund	4,280,313	-	-	(4,280,313)	(4,280,313)	-
Transfer to capital replacement reserve	-	61,541,436	-	(61,541,436)	-	-
Property, plant and equipment purchased	-	(89,380,876)	-	89,380,876	-	-
Offsetting of depreciation	-	-	-	-	-	-
Total changes	4,280,313	(27,839,440)	(12,770,681)	8,745,982	(31,864,139)	(27,583,826)
Balance at 30 June 2009	70,684,771	6,829,615	72,931,437	1,236,009,476	1,315,770,528	1,386,455,299
Notes	20	21	21	21	21	

George Local Municipality

Annual Financial Statements for the year ended 30 June 2009

Cash Flow Statement

	Notes	2009	2008
Cash flows from operating activities			
Cash receipts from ratepayers, government and others		601,913,230	517,098,006
Cash paid to suppliers and employees		(554,039,536)	(446,946,080)
Cash generated from operations	40	47,873,694	70,151,926
Finance income		34,783,720	41,331,817
Finance costs		(36,066,167)	(27,337,690)
Net cash from operating activities		46,591,247	84,146,053
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(284,301,026)	(283,133,526)
Proceeds on disposal of property, plant and equipment		1,465,615	445,996
Purchase of intangible assets	6	(1,467,917)	(1,958,551)
Decrease in investments		-	18,079,518
Decrease in loans and receivables		4,521,728	5,109,570
Net cash from investing activities		(279,781,600)	(261,456,993)
Cash flows from financing activities			
Proceeds from loans and borrowings		107,443,000	92,722,000
Repayment of loans and borrowings		(14,874,485)	(10,752,367)
Increase in deferred revenue		57,352,641	69,774,774
Net cash from financing activities		149,921,156	151,744,407
Decrease in cash and cash equivalents		(83,269,197)	(25,566,533)
Cash and cash equivalents at the beginning of the year		276,157,389	301,723,922
Cash and cash equivalents at the end of the year		192,888,192	276,157,389

George Local Municipality

Annual Financial Statements for the year ended 30 June 2009

Accounting Policies

Basis of preparation

1 Statement of compliance

The financial statements have been prepared in accordance with General Recognised Accounting Standards (GRAP) adopted by the Accounting Standards Board (ASB).

2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as noted in the accounting policies below.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except that the municipality did not apply the component approach in respect of infrastructure assets retrospectively as it was deemed to be impracticable. The Municipality adopted 17 new standards of GRAP in the current year, as approved by the Minister of Finance on 9 May 2008 per Government Gazette 31021. The GRAP standards are:

No.	Reference	Topic
1	GRAP Framework	Framework for the preparation and presentation of financial statements
2	GRAP 1	Presentation of Financial Statements
3	GRAP 2	Cash Flow Statements
4	GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
5	GRAP 4	The Effects of Changes in Foreign Exchange Rates
6	GRAP 5	Borrowing Costs
7	GRAP 6	Consolidated and Separate Financial Statements
8	GRAP 7	Investments in Associates
9	GRAP 8	Interests in Joint Ventures
10	GRAP 9	Revenue
11	GRAP 10	Hyperinflationary Economies
12	GRAP 11	Construction Contracts
13	GRAP 12	Inventories
14	GRAP 13	Leases
15	GRAP 14	Events after the reporting date
16	GRAP 16	Investment Property
17	GRAP 17	Property, Plant and Equipment
18	GRAP 19	Provisions, contingent liabilities and contingent assets
19	GRAP 100	Non-current assets held for sale and discontinued operations
20	GRAP 101	Agriculture
21	GRAP 102	Intangible assets
22	IFRS 7	Financial instruments: Disclosure
23	IAS 19	Employee benefits
24	IAS 32	Financial instruments: Presentation
25	IAS 39	Financial instruments: Recognition and measurement
26	IPSAS 20	Related party disclosure
27	GAMAP 9.29 - .35 & .39-.54	Revenue
28	IGRAP 1**	Applying the probability test on initial recognition of exchange revenue
29	IFRIC 4	Determining whether an arrangement contains a lease
30	Directive 1	Repeal of existing transitional provision in, and consequential amendments to, standards of GRAP
31	Directive 2	Transitional provisions for the adoption of standards of GRAP by Public Entities, Municipal Entities and Constitutional Institutions
32	Directive 3	Transitional provisions for the adoption of standards of GRAP by High capacity municipalities
33	Directive 5	Determining the GRAP reporting framework
34	ASB guide 1	Guideline of Accounting for Public Private Partnerships

George Local Municipality

Annual Financial Statements for the year ended 30 June 2009

Accounting Policies

Accounting policies for material transactions, events or conditions not covered by the above GRAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on International Public Sector Accounting Standards (IPSAS) and the South African Statements of Generally Accepted Accounting Practices (SA GAAP), including any interpretations of such Statements issued by the Accounting Practices Board.

The preparation of financial statements in conformity with GRAP requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of GRAP that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 41.

2.1 GRAP 16 – Investment Property

Investment property is defined as property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost and is depreciated on a straight-line basis over its useful life.

The application of the standard resulted in a reclassification of amounts previously recognised as property, plant and equipment.

2.2 GRAP 17 – Property, plant and equipment

GRAP 17 clarifies that an entity should consider an item of property, plant and equipment as a combination of various components with separate useful lives or consumption patterns. These separate components are used to calculate depreciation, test for derecognition and for the treatment of expenditure to replace or renew a component of that item of property, plant and equipment. It further confirms that the cost of an item of property, plant and equipment should include not only the initial estimate of the costs relating to dismantlement, removal or restoration of the property at the time of installing the item, but also during the period of use for purposes other than producing inventory. The residual value, useful life and depreciation method of an asset must be reviewed annually. Residual value should not include expected future inflation. There is no cessation of depreciation when assets are idle.

The application of the new standard had a limited impact on the results of the current year as the remaining useful lives of infrastructure assets were adjusted as a result of the application of the components approach. Management was of the view that it was impracticable to apply the component approach retrospectively. Management can therefore not quantify the financial impact of not applying the components approach retrospectively.

George Local Municipality

Annual Financial Statements for the year ended 30 June 2009

Accounting Policies

2.3 Standards not yet effective

The following Standards have been issued, but are not yet effective:

Standard No.	Standard title	Effective date	Anticipated impact on financial statements
GRAP 18	Segment Reporting	Unknown	Disclosure only
GRAP 21	Impairment of non-cash generating assets	Unknown	No material impact. Requirements of GRAP 21 are similar to the requirements of IAS 36 (Impairment of assets) and IPSA 21 (Impairment of non-cash generating assets), applied by the municipality during the 2008/09 financial year.
GRAP 23	Revenue from non-exchange transactions	Unknown	No impact anticipated
GRAP 24	Presentation of budget information in financial statements	Unknown	Disclosure only
GRAP 26	Impairment of cash generating assets	Unknown	No impact as the requirements of GRAP 26 are similar to the requirements of IAS 36 (Impairment of assets) applied by the municipality during the 2008/09 financial year
GRAP 103	Heritage assets	Unknown	No impact

All these Standards will be applied by the municipality from the effective date to be determined by the Minister of Finance.

2.4 Going concern assumption

The Annual Financial Statements have been prepared on a going concern basis.

2.5 Functional and presentation currency

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand, which is the municipality's functional currency.

2.6 Offsetting

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

George Local Municipality

Annual Financial Statements for the year ended 30 June 2009

Accounting Policies

3 Significant Accounting Policies

3.1 Housing Development Fund

The Housing Development Fund was established in terms of the Housing Act, Act No. 107 of 1997. Loans from national and provincial government used to finance housing selling schemes undertaken by the municipality. These loans were extinguished on 1 April 1998 and were transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund.

In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

The following provisions are set for the utilisation of the Housing Development Fund:

- The fund is utilised for housing developments in accordance with the national housing policy and also for housing development projects approved by the MEC for housing.
- Any contributions to or from the fund are shown as transfers in the Statement of Changes in Net Assets.

3.2 Accumulated surplus

The following reserves have been included in the accumulated surplus of the municipality:

3.2.1 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred, for internal record keeping purposes, from the net surplus of the year or the accumulated surplus to the CRR in terms of a Council resolution. A corresponding amount is transferred to a designated CRR bank or investment account. The cash in the designated CRR bank account can only be utilised to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus / (deficit) is credited by a corresponding amount when the amounts in the CRR are utilised. The amount transferred to the CRR is based on the municipality's need to finance future capital projects included in the Integrated Development Plan, subject to affordability in the budget process.

Interest earned on the CRR investment is recorded as interest earned in the Statement of Financial Performance where after such interest may be transferred from the Accumulated Surplus to the CRR.

Profit made from the disposal of property, plant and equipment is recorded in the Statement of Financial Performance, where after such profit may be transferred from the Accumulated Surplus to the CRR.

The CRR may only be utilised for the purpose of purchasing / construction of items of property, plant and equipment and may not be used for the maintenance of these items.

3.2.2 Capitalisation Reserve

On the implementation of GAMAP, the balance of certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of property, plant and equipment, were transferred to a Capitalisation Reserve rather than the accumulated surplus/deficit, as in prior years, in terms of a directive (Circular No. 18) issued by National Treasury. The purpose of this reserve is to promote consumer equity by ensuring that the future depreciation charge that will be incurred over the useful lives of these items of property, plant and equipment is offset by transfers from this reserve to the accumulated surplus/deficit.

The balance on the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalisation Reserve to the accumulated surplus/deficit.

When an item of property, plant and equipment is disposed, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus/deficit.

George Local Municipality

Annual Financial Statements for the year ended 30 June 2009

Accounting Policies

3.3 Property, plant and equipment

3.3.1 Recognition and measurement

Items of property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Items of property, plant and equipment acquired at no or nominal consideration are initially recognised at fair value and are subsequently carried at the initially determined fair value less accumulated depreciation and impairment losses. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs incurred in the acquisition, establishment and installation of such assets so as to bring them to a working condition for their intended use.

The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Borrowing costs related to the acquisition, construction or production of qualifying assets are capitalised.

The cost of the day-to-day servicing of property, plant and equipment are recognised in surplus or deficit as incurred.

3.3.2 Leased assets

Leases in terms of which the municipality assumes substantially all the risks and rewards of ownership are classified as finance leases. Vehicles and office equipment acquired by way of finance lease are measured upon initial recognition at an amount equal to the lower of its fair value and the present value of the minimum lease payments less accumulated depreciation and impairment losses. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to the asset.

3.3.3 Subsequent costs

Subsequent expenditure relating to items of property, plant and equipment are capitalised if it is probable that future economic benefits or potential service delivery of the asset are enhanced in excess of the originally assessed standard of performance. If expenditure only restores the originally assessed best estimate of the expected useful life of the asset, then it is regarded as repairs and maintenance and is expensed. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment.

3.3.4 Depreciation

Depreciation is recognised in surplus or deficit on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment.

Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with GRAP 100. A non-current asset or disposal group is not depreciated while it is classified as held for sale.

George Local Municipality

Annual Financial Statements for the year ended 30 June 2009

Accounting Policies

3.3 Property, plant and equipment (continued)

The estimated useful lives are as follows:

Item	Average useful life
Infrastructure assets	
• Electricity	20 - 30 years
• Roads	10 - 30 years
• Water	15 - 20 years
• Gas	20 years
• Sewerage	15 - 20 years
• Pedestrian malls	20 years
• Airports	20 years
• Security measures	3 - 5 years
Community assets	
• Buildings	20 - 30 years
• Recreational facilities	20 years
Other assets	
• Office equipment	3 - 7 years
• Furniture and fittings	7 - 10 years
• Bins and containers	5 - 10 years
• Emergency equipment	5 - 15 years
• Motor vehicles	3 - 20 years
• Aircraft	15 years
• Watercraft	15 years
• Plant and equipment	2 - 15 years
Other - general	
• Animals - pound	5 years
Heritage assets	
• Buildings	Not applicable
Land and buildings	
• Land	Not applicable
• Buildings	30 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

Leased assets

Assets held under finance leases are depreciated over the shorter of their expected useful lives or the lease term.

Land

Land is not depreciated.

Incomplete Construction Work

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is commissioned into use.

Heritage Assets

Heritage assets which are shown at cost, are not depreciated because of the uncertainty around their estimated useful lives.

Landfill Sites

Rehabilitation costs capitalised to the cost of landfill sites, are written off on a straight-line basis over the estimated useful lives of the sites.

George Local Municipality

Annual Financial Statements for the year ended 30 June 2009

Accounting Policies

3.3 Property, plant and equipment (continued)

3.3.5 Derecognition

An item of property, plant and equipment is derecognised on disposal or when no future economic benefits or service potential are expected from its continued use or disposal. The book values of assets are written off on disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Financial Performance in the year the asset is derecognised.

3.4 Intangible assets

Identifiable non-monetary assets without physical substance held for use in the production or supply of goods or services, for rental to others, or for administrative purposes are classified and recognised as intangible assets.

Intangible assets acquired separately or internally generated (i.e. development phase assets) are reported at cost less accumulated amortisation and accumulated impairment losses.

3.4.1 Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in surplus or deficit when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the municipality intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Borrowing costs related to the development of qualifying assets are recognised in surplus or deficit as incurred. Other development expenditure is recognised in surplus or deficit as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses.

3.4.2 Subsequent costs

After the initial measurement of intangible assets, subsequent expenditure is only capitalised if future economic benefits or service potential over the total life of the intangible assets, in excess of the most recently assessed standard of performance of the existing intangible assets, will flow to the Municipality.

Amortisation is charged on a straight-line basis over their useful lives, which is estimated to be between 3 to 5 years. Where intangible assets are deemed to have an indefinite useful life, such intangible assets are not amortised.

Where items of intangible assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation.

Amortisation methods and useful lives are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively.

3.5 Investment property

Investment property is land and/ or buildings held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property is measured at historical cost less accumulated depreciation and impairment losses. Investment property acquired at no or nominal consideration is initially recognised at fair value and is subsequently carried at the initially determined fair value less accumulated depreciation and impairment losses.

The fair value of investment property is determined at the reporting date based on the latest general valuation roll.

George Local Municipality

Annual Financial Statements for the year ended 30 June 2009

Accounting Policies

3.6 Financial instruments

The municipality has various types of financial instruments and these can be broadly categorised as either Financial Assets or Financial Liabilities.

Classification

The municipality classifies financial assets and financial liabilities into the following categories:

3.6.1 Financial assets

A financial asset is any asset that is a cash or contractual right to receive cash. The municipality has the following types of financial assets as reflected on the face of the Statement of Financial Position or in the notes thereto:

- Listed investments (Shares)
- Investments in fixed deposits (Banking institutions, etc)
- Loans and receivables
- Trade and other receivables from exchange transactions
- Other receivables from non-exchange transactions
- Short-term investment deposits
- Cash and cash equivalents

In accordance with IAS 39.09 the Financial Assets of the municipality are classified as follows into the four categories allowed by this standard:

Type of financial asset

Listed investments
Short-term investment deposits - Call
Cash and cash equivalents
Finance lease receivables
Loans and receivables
Trade and other receivables from exchange transactions
Other receivables from non-exchange transactions
Investments in fixed deposits
Short-term investment deposits

Classification in terms of IAS 39.09

Held at fair value through surplus or deficit
Held to maturity
Loans and receivables
Loans and receivables
Loans and receivables
Loans and receivables
Loans and receivables
Held to maturity
Held to maturity

Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit are financial assets that meet either of the following conditions:

- They are classified as held for trading; or
- Upon initial recognition they are designated as at fair value through the Statement of Financial Performance.

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

Investments are measured initially and subsequently at fair value with gains and losses arising from changes in fair value being included in surplus or deficit for the period. Transaction costs are recognised in surplus or deficit.

Available for sale investments

Available for sale investments are financial assets that are designated as available for sale or are not classified as:

- Loans and receivables;
- Held-to-maturity investments; or
- Financial assets at fair value through surplus or deficit

Available for sale investments are initially measured at fair value plus direct transaction costs. Subsequent to initial recognition, available for sale investments are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale monetary items, are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

George Local Municipality

Annual Financial Statements for the year ended 30 June 2009

Accounting Policies

3.6 Financial instruments (continued)

Loans and receivables

Loans and receivables are financial assets that are created by providing money, goods or services directly to a customer. Loans and receivables are non-derivative financial assets with fixed or determinable payments. They are included in current assets, except for maturities greater than 12 months, which are classified as non-current assets. Loans and receivables are recognised initially at cost which represents fair value. After initial recognition financial assets are measured at amortised cost, using the effective interest method less an allowance for impairment.

Held to maturity investments

Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturity where the municipality has the positive intent and ability to hold the investment to maturity. Held-to-maturity investments are initially measured at fair value plus direct transaction costs. At subsequent reporting dates, held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses.

3.6.2 Financial liabilities

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. The municipality has the following types of financial liabilities as reflected on the face of the Statement of Financial Position or in the notes thereto:

- Loans and borrowings
- Trade and other payables from exchange transactions
- Bank Overdraft
- Short-term loans
- Current Portion of Loans and borrowings
- Consumer Deposits

There are two main categories of Financial Liabilities, the classification based on how they are measured. Financial liabilities may be measured at:

- Fair value through surplus or deficit; or
- Amortised cost

Financial liabilities that are measured at fair value through surplus or deficit are financial liabilities that are essentially held for trading (i.e. purchased with the intention to sell or repurchase in the short term; derivatives other than hedging instruments or are part of a portfolio of financial instruments where there is recent actual evidence of short-term profiteering or are derivatives). Financial liabilities that are measured at fair value through surplus or deficit are stated at fair value, with any resulted gain or loss recognised in the Statement of Financial Performance.

Any other financial liabilities should be classified as financial liabilities that are not measured at fair value through surplus or deficit are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

3.6.3 Derecognition of financial assets

The municipality derecognises financial assets only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of financial assets due to non recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

3.6.4 Derecognition of financial liabilities

The municipality derecognises financial liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

George Local Municipality

Annual Financial Statements for the year ended 30 June 2009

Accounting Policies

3.7 Inventories

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. In general, the basis of determining cost is the weighted average cost of commodities. If inventories are to be distributed at no charge or for a nominal charge they are valued at the lower of cost and current replacement cost.

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

Cost of inventory comprises all costs of purchase, cost of conversion and other cost incurred in bringing the inventory to its present location and condition.

Redundant and slow-moving inventories are identified and impaired to net realisable value with regard to their estimated economic or realisable values and sold by public auction.

Water and purified effluent are valued at purified cost insofar as it is stored and controlled in reservoirs at year-end.

3.8 Impairment

3.8.1 Financial Assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence of impairment of financial assets. If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with IAS 39. The impairment amount is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that have similar credit risk characteristics. The impairment estimate of Trade Receivables is made based on past default experience of all outstanding amounts at year-end. Bad debts are written off the year in which they are identified as irrecoverable.

Trade Receivables are measured at cost less impairment. The impairment is calculated based on the recoverability of customers and is assessed collectively after grouping the assets in financial assets with similar credit risks characteristics. Government accounts are not impaired as such accounts are regarded as recoverable.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance.

With the exception of Available-for-Sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the Statement of Financial Performance to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of Available-for-Sale equity securities, impairment losses previously recognised through profit or loss are not reversed through the Statement of Financial performance. Any increase in fair value subsequent to an impairment loss is recognised directly in equity.

3.8.2 Non-financial assets

The carrying amounts of the Municipality's non-financial assets, other than investment property and inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated annually.

George Local Municipality

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Accounting Policies

3.8 Impairment (continued)

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in surplus or deficit. Impairment losses recognised in respect of cash-generating units are allocated on a pro rata basis to reduce the carrying amounts of the other assets in the unit (group of units). The allocation of impairment losses to assets in a cash generating unit may not reduce the carrying amount of such assets below its fair value.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.8.3 Non-cash generating assets

Non-cash generating assets are impaired where there is objective evidence of impairment. A non-cash generating asset is impaired when the carrying amount of the asset exceeds its recoverable service amount. The recoverable service amount is the greater of an asset's fair value less costs to sell and its value in use.

The value in use is determined by using the depreciated replacement cost model. The current replacement cost is the cost to replace the asset's gross service potential. The current replacement cost is depreciated, from the original commissioning date to date of determining value in use, to reflect the asset in its used condition. This represents the depreciated replacement cost of the non-cash generating asset.

3.9 Non-current assets held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Municipality's accounting policies for the individual assets. Thereafter the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, employee benefit assets and investment property, which continue to be measured in accordance with the Municipality's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in surplus or deficit. Gains are not recognised in excess of any cumulative impairment loss.

Accounting Policies

3.10 Revenue

Revenue includes rates levied, grants from other tiers of government and revenue from trading activities and other services provided. Revenue is recognised when it is probable that future economic benefits or service potential will flow to the municipality and these benefits can be measured reliably, except when specifically stated otherwise. Revenue from the sale of goods in the ordinary course of the Municipality's activities is measured at the fair value of the consideration received or receivable, net of value added tax, estimated returns, rebates and discounts. Revenue from the rendering of services is recognised in surplus or deficit in proportion to the stage of completion of the transaction at the reporting date.

3.10.1 Revenue from exchange transactions

Service Charges

Service charges relating to distribution of electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without it being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters are read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage and sanitation are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved by Council and are levied monthly.

In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

Pre-paid Electricity

Revenue from the sale of electricity pre-paid meter cards are recognised at the point of sale.

Interest earned and rentals received

Interest income is recognised as it accrues in surplus or deficit, using the effective interest method. Rental income is recognised on a straight line basis over the lease term. Interest may be transferred from the Accumulated Surplus to the Housing Development Fund.

Interest earned on unutilised conditional grants is not recognised in the Statement of Financial Performance. It is allocated directly to the liability: Unspent Conditional Grants, if the grant conditions indicate that interest is payable to the grantor.

Dividends

Dividends are recognised on the date that the municipality becomes entitled to receive the dividend in accordance with the substance of the relevant agreement, where applicable.

Royalties

Royalties are recognised on an accrual basis in accordance with the substance of the relevant agreement. Royalties are recognised on a straight-line basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

George Local Municipality

Annual Financial Statements for the year ended 30 June 2009

Accounting Policies

3.10.2 Revenue from exchange transactions (continued)

Tariff Charges

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant authorised tariff. This includes the issuing of licences and permits.

Agency Commission

Commission for agency services is recognised on a monthly basis once the income collected on behalf of principals has been quantified. The income recognised is in terms of the agency agreement.

Housing Rental and Instalments

Finance income from the sale of housing by way of instalment sales agreements or finance leases is recognised as it accrues in surplus or deficit using the effective interest method.

Sale of Goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership are transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

3.10.3 Revenue from non-exchange transactions

Rates and Taxes

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised using the effective interest method. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

Fines

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines that will be received based on past experience of amounts collected. There is uncertainty regarding recoverability of outstanding fines and summonses. Spot fines are usually not given directly to an offender. Further legal processes have to be undertaken before the spot fine is enforceable. In respect of summonses the Public Prosecutor can decide whether to waive the fine, reduce it or prosecute for non-payment by the offender. It is therefore not possible to measure this revenue when the summons is issued.

Donations and Contributions

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, at the fair value of the property, plant and equipment received or receivable. Contributed property, plant and equipment is recognised when the risks or rewards of ownership have transferred to the municipality.

Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Unconditional grant

An unconditional grant is recognised in surplus or deficit when the grant becomes receivable.

George Local Municipality

Annual Financial Statements for the year ended 30 June 2009

Accounting Policies

3.10.3 Revenue from non-exchange transactions (continued)

Conditional grants and receipts

Income received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

Interest earned on investments is treated in accordance with grant conditions. If it is payable to the grantor it is recorded as part of the liability and if not it is recognised as interest earned in the Statement of Financial Performance.

Grants that compensate the municipality for expenses incurred are recognised in surplus or deficit on a systematic basis in the same periods in which the expenses are recognised.

Grants and receipts of a revenue nature

Income is transferred to the Statement of Financial Performance as revenue to the extent that the criteria, conditions or obligations have been met. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs are recognised in the Statement of Financial Performance in the period in which they become receivable.

Grants and receipts of a capital nature

Income from Government Grants whose primary condition is that the municipality should purchase, construct or otherwise acquire non-current assets are recognised as deferred income under non-current liabilities in the Statement of Financial Position to the extent that the criteria, conditions or obligations have been met and is credited to the Statement of Financial Performance on a straight-line basis over the expected useful lives of the related asset.

3.11 Provisions

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the obligation.

Provisions are reviewed at reporting sheet date and adjusted to reflect the current best estimate. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance as a finance cost as it occurs.

3.12 Employee benefits

3.12.1 Short-term employee benefits

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits which are only recognised when the specific event occurs.

The costs of all short-term employee benefits such as leave pay and bonuses, are recognised during the period in which the employee renders the related service. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

George Local Municipality

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Accounting Policies

3.12 Employee benefits (continued)

3.12.2 Defined contribution plans

A defined contribution plan is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees.

The municipality contributes to various National- and Provincial-administered Defined Benefit Plans on behalf of its qualifying employees. These funds are multi-employer funds (refer to Note 14.6 of the Annual Financial Statements for details) and are accounted for as defined contribution plans. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. These defined contribution funds are actuarially valued triennially on the Projected Unit Credit Method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

3.12.3 Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. It defines an amount of benefit that an employee will receive on retirement. The Municipality's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value. Any unrecognised past service cost and the fair value of any plan assets are deducted.

Own-administered Defined Benefit Plans

The defined benefit obligation, the related current cost and where applicable, past-service cost, is determined by using the Projected Unit Credit Method. A portion of the actuarial gains and losses is recognised as revenue or expense, provided the net cumulative actuarial gains and losses at the end of the previous reporting period exceed the greater of:

- 10% of the present value of the defined benefit obligation at that date (before deducting plan assets); and
- 10% of the fair value.

The portion of the actuarial gains and losses to be recognised is equal to the excess calculated, using the above limits and divided by the expected average remaining working lives of employees participating in the plan. Unvested past-service cost is recognised as an expense on the straight-line basis over the average period until the benefits become vested, while vested past-service costs are recognised as an expense in the Statement of Financial Performance.

Medical Aid: Continued Members

The Municipality provides certain post retirement medical benefits by funding the medical aid contributions of certain retired members of the Municipality. According to the rules of all of the Medical Aid Funds, with which the Municipality is associated, a member (who is on the current conditions of service), on retirement, is entitled to remain a continued member of the medical aid fund, in which case the Municipality is liable for a certain portion of the medical aid membership fee.

Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of services within the municipality. The municipality's obligation under these plans is valued by independent qualified actuaries at year end and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries, are charged against the Statement of Financial Performance.

George Local Municipality

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Accounting Policies

3.13 Leases

3.13.1 The Municipality as lessee

Finance leases

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of the assets are transferred to the municipality. Property, plant and equipment subject to finance lease agreements are capitalised at their cash cost equivalent. Corresponding liabilities are included in the Statement of Financial Position as finance lease obligations. The cost of the item of property, plant and equipment is depreciated on the straight-line basis over its estimated useful life. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Operating leases

Operating leases are those leases that do not fall within the scope of the above definition. Payments made under operating leases are recognised in surplus or deficit on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

3.13.2 The Municipality as lessor

Operating leases

Payments received under operating leases are recognised in surplus or deficit on a straight-line basis over the term of the lease.

3.14 Borrowing costs

Borrowing costs are capitalised in respect of qualifying assets that necessarily takes a substantial period to get ready for its intended use. If the cost of assets, where borrowing costs have been capitalised, exceeds the estimated recoverable amount then an impairment loss is recognised for such an excess.

Borrowing costs that are not capitalised are recognised as an expense in the Statement of Financial Performance.

3.15 Grants in aid

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

- Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- Expect to be repaid in future; or
- Expect a financial return, as would be expected from an investment.

These transfers are recognised in the Statement of Financial Performance as expenses in the period that the events giving rise to the transfer occurred.

3.16 Value Added Tax

The Municipality accounts for Value Added Tax on the cash basis. The Municipality is liable to account for Value Added Tax at the standard rate (14%) in terms of section 7 (1) (a) of the VAT Act, in respect of the supply of goods or services except where the Supplies are specifically zero-rated in terms of section 11, exempted in terms of section 12 of the VAT Act or is out of scope for VAT purposes. The timing of payments to/from The South African Revenue Service is the last day of each of the twelve months of the financial year.

3.17 Cash and cash equivalents

Cash includes cash-on-hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

George Local Municipality

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Accounting Policies

3.18 Foreign currencies

Transactions in foreign currencies are initially recorded at the prevailing exchange rate on the dates of the transactions. Monetary assets and liabilities denominated in such foreign currencies are retranslated at the rates prevailing at the reporting date. Exchange differences are included in the Statement of Financial Performance.

3.19 Changes in accounting policies, estimates and errors

Changes in accounting policies that are affected by management have not in all cases been applied retrospectively as is required by GRAP 3. The transitional provisions on the adoption of the new GRAP standards have also not in all cases been applied retrospectively.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the Notes to the Annual Financial Statements where applicable.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to Note 37 to the Annual Financial Statements for details of corrections of errors recorded during the period under review.

3.20 Related parties

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated as such by the Municipal Manager.

3.21 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

3.22 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), the Public Office Bearers Act (Act No 20 of 1998) or is in contravention of the Municipality's supply chain management policies. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

3.23 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

3.24 Events after the reporting date

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the Annual Financial Statements.

3.25 Comparative figures

When the presentation or classification of items in the Annual Financial Statements is amended, comparative amounts are reclassified. The nature and reasons for the reclassification are disclosed in Appendix K and Appendix J respectively.

George Local Municipality

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

4. General information

George Local Municipality (the municipality) is a local government institution in George, Western Cape. The addresses of its registered office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements and in the introduction of the Annual Report. The principal activities of the municipality are disclosed in the Annual Report and are prescribed by The Constitution.

5. Property, plant and equipment

	2009			2008		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Owned assets						
Land and buildings	656,164,297	(12,129,254)	644,035,043	609,871,700	-	609,871,700
Infrastructure	968,782,680	(253,715,036)	715,067,644	677,755,976	(212,635,203)	465,120,773
Community assets	141,662,305	(28,898,903)	112,763,402	124,800,971	(24,900,159)	99,900,812
Heritage assets	607,331	-	607,331	607,331	-	607,331
Other	85,310,216	(31,189,149)	54,121,067	114,257,840	(33,637,644)	80,620,196
Work in progress	119,222,991	-	119,222,991	164,003,924	-	164,003,924
Leased assets						
Vehicles and equipment	694,894	(456,407)	238,487	694,894	(326,060)	368,834
Total	1,972,444,714	(326,388,749)	1,646,055,965	1,691,992,636	(271,499,066)	1,420,493,570

Reconciliation of the carrying value of property, plant and equipment - 2009

	Opening Balance	Additions	Disposals	Other Transfers	WIP Transfers	Depreciation	Total
Owned assets							
Land and buildings	609,871,700	66,634	(2,235,895)	37,605,872	411,360	(1,684,628)	644,035,043
Infrastructure	465,120,773	99,915,529	(14,893)	12,445,108	178,684,284	(41,083,157)	715,067,644
Community assets	99,900,812	7,326,062	(9,922)	(1,075,493)	12,194,488	(5,572,545)	112,763,402
Heritage assets	607,331	-	-	-	-	-	607,331
Other	80,620,196	17,839,247	(94,404)	(38,019,660)	1,688,528	(7,912,840)	54,121,067
Work in progress	164,003,924	159,153,554	-	(10,955,827)	(192,978,660)	-	119,222,991
Leased assets							
Vehicles and equipment	368,834	-	-	-	-	(130,347)	238,487
Total	1,420,493,570	284,301,026	(2,355,114)	-	-	(56,383,517)	1,646,055,965

George Local Municipality

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Notes to the Annual Financial Statements

	2009	2008					
5. Property, plant and equipment (continued)							
Reconciliation of the carrying value of property, plant and equipment - 2008							
	Opening Balance	Additions	Disposals	Other Transfers	WIP Transfers	Depreciation	Total
Owned assets							
Land and buildings	629,666,450	(19,794,750)	-	-	-	-	609,871,700
Infrastructure	356,726,145	252,376,032	-	40,417,187	(155,785,049)	(28,613,542)	465,120,773
Community assets	91,221,124	19,943,873	-	488,080	(7,584,340)	(4,167,925)	99,900,812
Heritage assets	607,331	-	-	-	-	-	607,331
Other	49,787,971	30,608,371	(86,791)	7,284,832	(634,535)	(6,339,652)	80,620,196
Work in progress	104,716,078	-	-	(104,716,078)	164,003,924	-	164,003,924
Leased assets							
Vehicles and equipment	508,010	-	-	(3,752)	-	(135,424)	368,834
	1,233,233,109	283,133,526	(86,791)	(56,529,731)	-	(39,256,543)	1,420,493,570

Refer to Appendices B, C and E(2) for more detail on property, plant and equipment. Refer to Appendix L for details on investment property. These items of land will be transferred to investment property once the sub-division thereof have been registered.

6. Intangible assets

	2009			2008		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	2,154,703	(999,583)	1,155,120	2,391,947	(1,294,502)	1,097,445
Under development						
Directory	-	-	-	2,488,668	-	2,488,668
Total	2,154,703	(999,583)	1,155,120	4,880,615	(1,294,502)	3,586,113

Reconciliation of the carrying value of intangible assets - 2009

	Opening Balance	Additions	Amortisation	Impairment loss	Total
Computer software	1,097,445	895,962	(611,646)	(226,641)	1,155,120
Under development					
Directory	2,488,668	571,955	-	(3,060,623)	-
	3,586,113	1,467,917	(611,646)	(3,287,264)	1,155,120

Reconciliation of the carrying value of intangible assets - 2008

	Opening Balance	Additions	Amortisation	Total
Computer software	1,157,061	415,238	(474,854)	1,097,445
Under development				
Directory	945,355	1,543,313	-	2,488,668
	2,102,416	1,958,551	(474,854)	3,586,113

Refer to Appendix B for more detail on intangible assets.

George Local Municipality

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

	2009		2008		
7. Loans and receivables					
As at 30 June 2009	Gross balance	Impairment allowance	Net balance	Transferred to current assets	Non-current
Housing scheme loans	8,585,508	(4,972,951)	3,612,557	(312,521)	3,300,036
Sale of erven loans	451,766	-	451,766	(122,132)	329,634
Loans to other organisations	677,103	-	677,103	(33,926)	643,177
Actaris meter costs	431,166	-	431,166	(431,166)	-
	10,145,543	(4,972,951)	5,172,592	(899,745)	4,272,847
As at 30 June 2008	Gross balance	Impairment allowance	Net balance	Transferred to current assets	Non-current
Staff loans	10,371	-	10,371	(10,371)	-
Housing scheme loans	9,538,822	(5,650,252)	3,888,570	(307,178)	3,581,392
Sale of erven loans	852,545	-	852,545	(379,283)	473,262
Loans to other organisations	746,247	-	746,247	(33,926)	712,321
Actaris meter costs	3,519,286	(3,519,286)	-	-	-
	14,667,271	(9,169,538)	5,497,733	(730,758)	4,766,975

Refer to Appendix H for more detail on loans and receivables.

Housing scheme loans

No housing loans may be granted to officials and the public. The outstanding amount is in respect of loans granted before 1 July 2005 and will be recovered over the remaining period of the loan agreements.

Sale of erven loans

As from 1 July 2006 no loan agreements are entered into for the sale of erven. The outstanding loans will be recovered over the remaining period of the individual loan agreements entered into.

Loans to other organisations

The outstanding amount is in respect of loans granted to sports organisations (Section 185 (a) Ord.20 of 1974) before 1 July 2005 and will be recovered over the remaining period of the loan agreements.

Actaris meter costs

Arrear amounts on services are capitalised on completion of a formal agreement. These arrear amounts are then paid to the municipality in monthly instalments over a period not exceeding 60 months. No interest is charged on these amounts where the stipulations of the agreement are adhered to.

The management of the municipality is of the opinion that the carrying value of loans and receivables recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of loans and receivables was determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the current payment ratio's of the municipality's trade receivables.

George Local Municipality

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

	2009	2008		
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7. Loans and receivables (continued)				
7.1 Reconciliation of impairment allowance				
	Balance at beginning of the year	Impairment losses reversed	Amounts written off as uncollectable	Balance at end of the year
Housing scheme loans	5,650,252	(677,301)	-	4,972,951
Actaris meter cost	3,519,286	(1,199,584)	(2,319,702)	-
Balance at end of year	9,169,538	(1,876,885)	(2,319,702)	4,972,951

In determining the recoverability of loans and receivable, the municipality considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, management believe that there is no further impairment required in excess of the allowance for impairment.

The impairment recognised represents the difference between the carrying amount of these receivables and the present value of the expected liquidation proceeds. The municipality does not hold collateral over these balances.

8. Inventories

Consumable stores - at cost	6,510,503	3,029,936
Maintenance materials, chemicals and water reserves - at cost	2,478,748	8,100,458
Housing Development Fund - Unsold Units	1,392,260	2,166,633
Unsold properties held for sale	297,009,105	297,009,105
	307,390,616	310,306,132

The cost of inventories recognised as an expense includes R14 765 (2008: R125 812) in respect of impairment of inventory to net realisable value (refer to note 31).

9. Trade receivables from exchange and non-exchange transactions

As at 30 June 2009	Gross balance	Impairment allowance	Net balance
Trade receivables from exchange transactions			
Electricity	25,052,977	9,516,582	15,536,395
Housing rentals	463,906	244,074	219,832
Housing loan instalments	1,689,371	694,392	994,979
Other consumer receivables	2,614,883	982,079	1,632,804
Refuse	8,529,031	1,672,095	6,856,936
Sewerage	10,224,883	1,861,300	8,363,583
Water	18,765,049	5,200,944	13,564,105
Trade receivables from non-exchange transactions			
Rates	16,771,340	3,545,404	13,225,936
	84,111,440	23,716,870	60,394,570

As at 30 June 2008	Gross balance	Impairment allowance	Net balance
Trade receivables from exchange transactions			
Electricity	23,725,874	9,516,582	14,209,292
Housing rentals	610,053	244,074	365,979
Housing Loan instalments	1,736,082	694,393	1,041,689
Other consumer receivables	2,455,340	982,079	1,473,261
Refuse	8,758,460	3,509,500	5,248,960
Sewerage	10,328,379	4,140,079	6,188,300
Water	19,800,950	7,937,014	11,863,936
Trade receivables from non-exchange transactions			
Rates	13,115,574	5,260,907	7,854,667
	80,530,712	32,284,628	48,246,084

George Local Municipality

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2009 2008

9. Trade receivables from exchange and non-exchange transactions (continued)

9.1 Ageing of trade receivables

As at 30 June 2009	Assessment Rates	Electricity, Refuse, Sewerage and Water	Housing Rentals	Housing Loan instalments	Other consumer receivables	Total
Current (0 - 30 days)	8,958,451	37,814,402	1,463	24,428	-	46,798,744
31 - 60 days	439,684	1,622,614	31,189	5,923	316,235	2,415,645
61 - 90 days	349,792	1,184,781	14,670	5,800	203,226	1,758,269
91 - 120 days	267,037	1,349,075	14,393	7,345	284,300	1,922,150
121 - 365 days	4,185,528	7,617,409	14,422	23,652	1,071,362	12,912,373
> 365 days	2,570,848	12,983,659	387,769	1,622,223	739,760	18,304,259
Total	16,771,340	62,571,940	463,906	1,689,371	2,614,883	84,111,440

As at 30 June 2008	Assessment Rates	Electricity, Refuse, Sewerage and Water	Housing Rentals	Housing Loan instalments	Other consumer receivables	Total
Current (0 - 30 days)	5,061,475	34,543,538	1,718	242,690	-	39,849,421
31 - 60 days	1,308,944	1,588,927	38,538	78,695	281,648	3,296,752
61 - 90 days	184,716	1,061,191	18,070	50,707	228,698	1,543,382
91 - 120 days	146,661	1,243,806	15,015	109,315	99,302	1,614,099
121 - 365 days	1,932,274	9,473,883	14,767	163,043	105,438	11,689,405
> 365 days	4,481,504	14,702,318	521,946	1,091,631	1,740,254	22,537,653
Total	13,115,574	62,613,663	610,054	1,736,081	2,455,340	80,530,712

9.2 Summary of trade receivables by customer classification

As at 30 June 2009	Consumers	Industrial / Commercial	National and provincial government	Other	Total
Current (0 - 30 days)	34,250,615	4,722,173	-	7,825,956	46,798,744
31 - 60 days	2,081,311	337,587	28,217	(31,470)	2,415,645
61 - 90 days	1,569,246	186,479	2,544	-	1,758,269
91 - 120 days	1,723,646	194,501	4,003	-	1,922,150
121 - 365 days	11,241,129	954,494	716,750	-	12,912,373
> 365 days	16,816,207	1,376,813	111,239	-	18,304,259
Subtotal	67,682,154	7,772,047	862,753	7,794,486	84,111,440
Less: Impairment Allowance	(23,041,041)	(675,829)	-	-	(23,716,870)
Total	44,641,113	7,096,218	862,753	7,794,486	60,394,570

George Local Municipality

Annual Financial Statements for the year ended 30 June 2009

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	2009	2008
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9. Trade receivables from exchange and non-exchange transactions (continued)

As at 30 June 2008	Consumers	Industrial / Commercial	National and provincial government	Other	Total
Current (0 - 30 days)	12,645,588	10,509,452	234,124	16,460,257	39,849,421
31 - 60 days	2,632,652	394,768	5,345	263,987	3,296,752
61 - 90 days	1,340,628	190,916	11,838	-	1,543,382
91 - 120 days	1,144,389	121,070	3,557	345,083	1,614,099
121 - 365 days	10,577,939	1,203,943	67,390	(159,867)	11,689,405
> 365 days	24,385,849	626,794	63,422	(2,538,412)	22,537,653
Subtotal	52,727,045	13,046,943	385,676	14,371,048	80,530,712
Less: Impairment Allowance	(29,680,458)	(2,604,170)	-	-	(32,284,628)
Total	23,046,587	10,442,773	385,676	14,371,048	48,246,084

9.3 Reconciliation of impairment allowance

	Balance at beginning of the year	Impairment losses recognised	Amounts written off as uncollectable	Balance at end of the year
<i>Exchange transactions</i>				
Electricity	9,516,582	-	-	9,516,582
Housing rentals	244,074	-	-	244,074
Housing loan instalments	694,392	-	-	694,392
Other consumer receivables	982,079	-	-	982,079
Refuse	4,140,079	345,546	(2,813,530)	1,672,095
Sewerage	3,509,500	230,767	(1,878,967)	1,861,300
Water	7,937,014	383,081	(3,119,151)	5,200,944
<i>Non-exchange transactions</i>				
Rates	5,260,908	240,190	(1,955,694)	3,545,404
	32,284,628	1,199,584	(9,767,342)	23,716,870

Fair value of consumer debtors

The average credit period for customers is 30 days. No interest is charged on trade receivables for the first 30 days from the date of the invoice. Thereafter interest is charged at the prime rate, charged by the municipality's banker, plus one percent per annum on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of amounts due.

Before accepting any new consumer, the municipality uses an external credit system to assess the potential consumer's credit quality and defines credit limit by consumer. Limits and scoring attributed to consumers are reviewed twice a year. 80% of the Trade Receivables that are neither past due nor impaired have the best credit scoring attributable under the external credit scoring system used by the municipality. There are no consumers who represent more than 5% of the total balance of Trade Receivables.

The management of the municipality is of the opinion that the carrying value of Trade Receivables approximate their fair values. The fair value of Trade Receivables was determined after considering the standard terms and conditions of agreements entered into between the municipality and consumer debtors as well as the current payment ratio's of the municipality and customers.

George Local Municipality

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Notes to the Annual Financial Statements

	2009	2008
10. Other receivables from exchange transactions		
Sundry receivables	23,245,297	22,040,479
Salary control accounts	907,488	516,950
Deposits	20,000	20,000
Short-term Loans	21,370	29,690
Non-collected portion of Housing Development Fund	1,960,381	1,741,006
	<u>26,154,536</u>	<u>24,348,125</u>
Less: Impairment allowance	(1,681,305)	(3,419,557)
	24,473,231	20,928,568

The average credit period for Government Grants and Subsidies is dependent on the Government Department involved and the nature of the claim. No interest is charged on outstanding Government Grants and Subsidies. The subsidies is payable to the municipality due to allocations made in the DORA or based on agreements between the municipality and the relevant departments.

The average credit period for Other Receivables is 30 days. No interest is charged for the first 30 days from the date of the invoice. Thereafter interest is charged at the prime rate, charged by the municipality's banker, plus one percent per annum on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of Other Receivables.

Fair value of other receivables

The management of the municipality is of the opinion that the carrying value of Other Receivables approximate their fair values. The fair value of Other Receivables was determined after considering the standard terms and conditions of agreements entered into between the municipality and National/Provincial Departments as well as other customers. The current payment ratio's of Other Receivables were also taken into account for fair value determination.

Reconciliation of impairment allowance

	Balance at beginning of the year	Impairment losses recognised	Amounts written off as uncollectable	Balance at end of the year
Sundry receivables	3,419,557	-	(1,738,252)	1,681,305

The impairment allowance was calculated after grouping all the financial assets of similar nature and risk ratings and by calculating the historical payment ratios for the groupings and by assuming that the future payment ratios would be similar to the historical payment ratios. The impairment allowance on Other Receivables exists predominantly due to the possibility that these debts will not be recovered. Other Receivables were assessed individually and grouped together at the Statement of Financial Position as financial assets with similar credit risk characteristics and collectively assessed for impairment.

11. VAT

VAT receivable	-	8,337,699
VAT payable	(1,606,761)	-
VAT (payable) / (receivable)	(1,606,761)	8,337,699

VAT is payable to SARS on the receipts basis. Only once payment is received from customers, VAT is paid over to SARS.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date.

George Local Municipality

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Notes to the Annual Financial Statements

	2009	2008
12. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	17,340	12,440
Bank balances	37,938,471	33,462,568
Short-term investments	154,932,381	242,682,381
	192,888,192	276,157,389

For the purposes of the cash flow statement, cash and cash equivalents include the above mentioned items, net of outstanding bank overdrafts.

Allocation of cash and cash equivalents

Attributable to External Financing Fund	14,537,564	34,008,438
Attributable to Capital Replacement Reserve as set out in net assets	6,829,615	34,669,055
Attributable to Unspent Conditional Grants Capital as set out in note 19.	9,577,277	8,285,453
Attributable to Housing Development Fund as set out in note 20.	58,746,622	52,957,997
Repayment of loans and borrowings as set out in note 13.	7,375,864	8,078,147
Attributable to trade receivables as set out in note 18.	10,785,097	9,763,615
Attributable to unspent conditional grants other as set out in note 19.	9,083,029	20,095,429
Available for operational account	75,953,124	108,299,255
	192,888,192	276,157,389

Interest on overdrawn current accounts are charged at the banker's prime rate plus one percent per annum. Interest is earned at different rates per annum on favourable balances.

The management of the municipality is of the opinion that the carrying value of cash and cash equivalents recorded at amortised cost in the annual financial statements approximate their fair values.

The fair value of cash and cash equivalents was determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.

13. Loans and borrowings

Annuity loans	403,647,718	310,142,210
Other Loans	7,375,864	8,078,147
Finance lease liabilities	44,076	278,781
Total loans and borrowings	411,067,658	318,499,138
Less: current portion transferred to current liabilities	20,361,844	14,500,718
Annuity Loans	19,522,488	13,435,556
Finance lease liabilities	40,131	234,124
Other Loans	799,225	831,038
Non-current total loans and borrowings	390,705,814	303,998,420

13.1 Summay of arrangements

Annuity loans

Annuity loans are repaid over periods varying from 6 years to 20 years (2008: 10 years to 20 years) and at interest rates varying from 6,75% to 11,90% (2008: 9,00% to 11,21%) per annum. Annuity loans are not secured.

George Local Municipality

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

	2009	2008
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13. Loans and borrowings (continued)

Other loans

Other loans are repaid over periods varying from 4 years to 11 years (2008: 10 years to 20 years) and at interest rates varying from 7.58% to 12.00% per annum (2008: 11.60% to 15.60%). Other loans are not secured.

Finance lease liabilities

Finance lease liabilities relates to vehicles and IT equipment with lease terms of 5 years (2008: 5 years). The effective interest rate on finance leases are between 8.35% and 15.5%(2008: 8.35% to 15.5%).The municipality has options to purchase the property, plant and equipment for a nominal amount at the conclusion of the lease agreements. The municipality's obligations under finance leases are secured by the lessors' title to the leased assets.

The management of the municipality is of the opinion that the carrying value of loans and borrowings recorded at amortised cost in the Annual Financial Statements approximate their fair values. The fair value of loans and borrowings was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

Refer to Appendix A for more detail on loans and borrowings.

13.2 Obligations under Finance Leases

The Municipality as Lessee

Non-cancellable operating lease rentals are payable as follows:

Minimum lease payments

Less than one year	45,605	260,009
Between one and five years	4,004	48,128
More than five years	-	-
Total minimum lease payment	49,609	308,137

The municipality has the following significant leases:

- (i) Computer equipment R 15,873
 - Instalments are payable quarterly in advance
 - Period outstanding 2 months
 - Average effective interest rate 10.97%
 - Average quarterly instalment R 4,815.62
- (ii) Vehicles R 28,203
 - Instalments are payable monthly in arrears
 - Period outstanding 16 months
 - Effective interest rate, based on prime 12.00%
 - Monthly instalment R 2,195.20

14. Employee benefits

14.1 Post-employment benefits

Post-retirement medical aid benefits liability - note 14.3	61,550,332	56,532,588
Ex-gratia pension benefits liability - note 14.4	329,828	505,635
Long service awards - note 14.5	6,166,536	5,394,005
	68,046,696	62,432,228

George Local Municipality

Annual Financial Statements for the year ended 30 June 2009

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	2009	2008
14. Employee benefits (continued)		
14.2 Short term employee benefits		
Staff leave	10,932,994	12,088,112
Performance bonus	916,742	778,769
	11,849,736	12,866,881
14.3 Post-retirement Medical Aid Benefits Liability		
<p>The municipality provides certain post-retirement medical benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.</p> <p>The most recent actuarial valuations of the present value of the defined benefit obligation were carried out at 30 June 2009. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.</p> <p>The members of the Post-employment Medical Aid Benefit Plan are made up as follows:</p>		
In-service members (Employees)	406	370
Continuation members (Retirees, widowers and orphans)	124	123
	530	493
<p>The liability in respect of past service has been estimated as follows:</p>		
In-service members (Employees)	24,943,062	17,944,228
Continuation members (Retirees, widowers and orphans)	48,484,592	42,384,647
	73,427,654	60,328,875
<p>The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:</p> <ul style="list-style-type: none"> - Bonitas - Key Health - Hosmed - LA Health - Munimed - Samwumed <p>The future-service cost for the ensuing year is estimated to be R2 200 992, whereas the interest cost for the next year is estimated to be R6 658 896.</p> <p>The principal assumptions used for the purposes of the actuarial valuations were as follows:</p>		
Discount rate	9.00 %	10.85 %
Medical inflation rate	7.50 %	9.69 %
<p>The amounts recognised in the Statement of Financial Position are:</p>		
Projected benefit obligation	73,427,654	60,328,875
Plan assets	-	-
Net obligation	73,427,654	60,328,875
Unrecognised actuarial losses	(11,877,322)	(3,796,287)
Total benefit liability	61,550,332	56,532,588

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	2009	2008
14. Employee benefits (continued)		
The amounts recognised in the Statement of Financial Performance are:		
Current service cost	1,277,764	1,016,825
Interest cost	6,401,306	4,204,781
Recognised actuarial losses/(gains)	-	-
Amounts charged to the Statement of Financial Performance	7,679,070	5,221,606
Movements in the present value of the defined benefit obligation were as follows:		
Opening liability	56,532,588	53,808,534
Payments to members	(2,661,326)	(2,497,552)
Charged to the Statement of Financial Performance	7,679,070	5,221,606
Closing liability	61,550,332	56,532,588
The effect of a 1% movement in the assumed medical inflation rate is as follows:	2009	% change
Increase:		
Effect on the aggregate of the current service cost and the interest cost	10,593,188	19.56 %
Effect on the defined benefit obligation	85,370,305	16.26 %
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	7,494,665	(15.41)%
Effect on the defined benefit obligation	63,777,748	(13.41)%
The municipality expects to make a contribution of R3,281 816 to the defined benefit plans during the next financial year.		
14.4 Ex-gratia pension benefits liability		
The Ex-gratia pension benefit plan is a defined benefit plan. As at 30 June 2009, 29 pensioners were eligible for payments in terms of this plan.		
The Municipality provides pension benefits to all employees that are not members of the Pension or Provident Funds, that have completed at least 10 years of service at the Council and have reached the age of 60. The benefit is calculated according to the average annual salary earned during the last year of service multiplied by number of years of service, divided by 60.		
The current-service cost for the ensuing year is estimated to be Rnil, whereas the interest cost for the next year is estimated to be R303 801.		
The principal assumptions used for the purposes of the actuarial valuations were as follows:		
Discount rate	9.00 %	11.34 %
Benefit inflation rate	7.00 %	- %
The amounts recognised in the Statement of Financial Position are:		
Projected benefit obligation	3,518,200	459,914
Plan assets	-	-
Net obligation	3,518,200	459,914
Unrecognised actuarial (losses)/gains	(3,188,372)	45,721
Net liability in Statement of Financial Position	329,828	505,635

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	2009	2008
14. Employee benefits (continued)		
The amounts recognised in the Statement of Financial Performance are:		
Service cost	39,914	37,170
Interest cost	50,883	35,531
Recognised actuarial (gains) losses	-	-
Amounts charged to the Statement of Financial Performance	90,797	72,701
Movements in the present value of defined benefit obligations were as follows:		
Opening liability	505,635	455,350
Payments to members	(266,604)	(22,416)
Charged to the Statement of Financial Performance	90,797	72,701
Closing liability	329,828	505,635
14.5 Long Service Awards		
<p>The municipality's obligation for Long Service Awards is a defined benefit plan. This plan is wholly unfunded as no contributions are made by the municipality into funds that are legally separate from the municipality and from which the employee benefits are paid (each subsequent financial year's expected payments of long service bonuses are budgeted for).</p> <p>The municipality, in substance, underwrites the actuarial and investment risks associated with the plan. Consequently, the expense recognised for the defined benefit plan is the full additional liability accrued due to additional benefit entitlement. The municipality's net obligation in respect of the defined benefit long service allowances is the present value of the defined benefit obligation less the fair value of any plan assets, together with adjustments for unrecognised actuarial gains or losses and past service cost. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows of the benefits that will be paid to employees and using suitable interest rates.</p> <p>The calculation is performed by registered actuaries using the projected unit credit method. The most recent actuarial valuations of the present value of the defined benefit obligation were carried out at 30 June 2009.</p> <p>At year end, 980 employees were eligible for Long-services Allowances. The future service cost for the ensuing year is estimated to be R520 433, whereas the interest cost for the ensuing year is estimated to be R520 188.</p>		
The principal assumptions used for the purposes of the actuarial valuations were as follows:		
Discount rate	9.00 %	10.97 %
Salary inflation rate	7.00 %	9.03 %
The amounts recognised in the Statement of Financial Position are:		
Projected benefit obligation	6,166,536	5,394,005
Plan assets	-	-
Net obligation	6,166,536	5,394,005
Unrecognised actuarial (losses)/gains	-	-
Net liability in Statement of Financial Position	6,166,536	5,394,005
The amounts recognised in the Statement of Financial Performance are:		
Current service cost	969,775	737,631
Interest cost	536,285	361,237
Recognised actuarial losses	277,181	94,582
Amounts charged to the statement of financial performance	1,783,241	1,193,450

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	2009	2008
14. Employee benefits (continued)		
Movement in the present value of defined benefit obligations were as follows:		
Opening liability	5,394,005	4,830,360
Payments to members	(1,010,710)	(629,805)
Charged to the Statement of Financial Performance	1,783,241	1,193,450
Closing liability	6,166,536	5,394,005

The municipality expects to make a contribution of R0,773 million to the defined benefit plans during the next financial year.

14.6 Multi-employer retirement benefit information

Employees belong to a variety of approved Pension and Provident Funds as described below. These schemes are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

The Cape Joint Pension Fund and Cape Joint Retirement Fund are defined benefit plans, whereas the Municipal Councillors Fund and the Provident Fund are defined contribution plans. All of these afore-mentioned funds are multi-employer plans. Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:

- The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers
- One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
- The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer. The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance of R14 613 388 (2008: R11 294 800) represents contributions payable to these plans by the municipality at rates specified in the rules of the plans.

Cape Joint Pension Fund

The Cape Joint Pension Fund's contribution rate payable is 9% by the members and 18% by Council. The last valuation performed for the year ended 30 June 2008 revealed that the fund had an actuarial surplus of R182,73 million (2007: R200,21) million with a funding level of 106,5% (2007: 107,2%), and was in a sound financial state as at 30 June 2009.

Cape Joint Retirement Fund

The contribution rate paid by the members 9% (2008: 9%) and Council 18% (2008: 18%) is sufficient to fund the benefits accruing from the fund in future. The last valuation performed for the year ended 30 June 2008 revealed that the fund had an actuarial surplus of R42,93 million (30 June 2007: R104,47) million with a funding level of 112,2% (30 June 2007: 137,2%). The fund was certified to be in a sound financial position as at 30 June 2008.

George Local Municipality

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

	2009	2008
15. Deferred revenue (payables from non-exchange transactions)		
Assets financed from Conditional Government Grants	256,445,718	198,914,232
Assets financed from Donations and Public Contributions	3,973,537	4,152,382
Total deferred revenue	260,419,255	203,066,614
Transferred to current liabilities	(10,511,226)	(7,287,639)
		-
Non-current deferred revenue	249,908,029	195,778,975
The movement during the year are reconciled as follows:		
Balance at the beginning of the year	203,066,614	133,291,841
Additions during the year	64,642,476	78,063,534
Recognised in the Statement of Financial Performance	(7,289,835)	(8,288,761)
Balance at end of year	260,419,255	203,066,614
Transferred to current liabilities	(10,511,226)	(7,287,639)
		-
Non-current deferred revenue	249,908,029	195,778,975
Deferred revenue represents capital utilised to construct and acquire capital assets, which capital was obtained from grants received from Government.		
16. Provisions		
The movement in Provisions are reconciled as follows:		
	-	-
Balance at beginning of year		
Provisions made during the year	3,745,850	-
Balance at end of the year	3,745,850	-
Summary of provisions raised		
The provision relates to management's best estimate of the municipality's exposure to financial losses due to court cases instituted against it. The provision is expected to be utilised within the next year.		
An amount of R 3 342 686 relates to a dispute with the South African Local Authorities Pension Fund. The court ruled in favour of the claimant, but Council is in the process of requesting the court to set the matter aside.		
An amount of R 403 164 was awarded to Shirley Steyn, but Council is busy with a submission requesting the court to set the matter aside.		
17. Trade and other payables from exchange transactions		
Trade payables	26,082,553	19,153,746
Payments received in advance	12,752,494	3,944,804
Retentions	16,381,318	11,536,714
Sundry deposits	5,119,633	4,768,672
Other payables	4,508,320	4,717,054
Operating lease liability - Note 17.1	49,310	70,021
	64,893,628	44,191,011

George Local Municipality

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

	2009	2008
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The average credit period on purchases is 30 days from the receipt of the invoice, as determined by the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within credit timeframe.

The management of the municipality is of the opinion that the carrying value of trade and other payables approximate their fair values. The fair value of trade and other payables was determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties.

17.1. Operating lease liability

Operating leases with fixed escalation clauses are recognised on the straight-line basis. The operating lease liability was calculated as follows:

Balance at beginning of year	70,021	62,133
Operating lease payments	-	7,888
Operating lease expenses recognised in the Statement of Financial Performance	(20,711)	-
Total operating lease liability	49,310	70,021

Refer to note 42 for information on operating lease commitments.

18. Consumer deposits

Deposits

Electricity and water	10,785,097	9,763,615
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Guarantees

Guarantees held in lieu of electricity and water deposits	6,360,496	5,918,200
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Consumer deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account. No interest is paid on consumers deposit held. The management of the municipality is of the opinion that the carrying value of consumer deposits approximate their fair values. The fair value of consumer deposits was determined after considering the standard terms and conditions of agreements entered into between the municipality and its consumers.

19. Unspent conditional grants and receipts

Conditional Grants from other spheres of Government

National Government Grants	10,922,101	15,075,114
Provincial Government Grants	7,124,200	13,191,083
Local Government Grants	614,005	614,006
Total Conditional Grants and Receipts	18,660,306	28,880,203

The amount of unspent conditional grants and receipts are invested in ring-fenced investment accounts until utilised. Refer to Appendix F for more detail on conditional grants.

George Local Municipality

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

	2009	2008
20. Housing Development Fund		
Unappropriated surplus	17,301,528	13,021,215
Loans extinguished by Government on 01 April 1998	53,383,243	53,383,243
	70,684,771	66,404,458

Housing Development Fund is represented by the following assets and liabilities:

Inventory - note 8	1,392,260	2,166,633
Housing scheme loans - note 7	8,585,508	9,538,822
Other receivables from exchange transactions - Non-collected portion - note 10	1,960,381	1,741,006
Short-term investments - note 12	58,746,622	52,957,997
Total Housing Development Fund Assets and Liabilities	70,684,771	66,404,458

The Housing Development Fund has its origin from loans extinguished by Government on 1 April 1998 and the net of housing transactions appropriated to the fund thereafter. No separate unappropriated surplus account for housing transactions was kept.

21. Accumulated surplus

The accumulated surplus consists of the following liabilities:

Capital replacement reserve	6,829,615	34,669,055
• General services	24,073	502,548
• Electricity services	680,647	4,819,166
• Water services	678,553	13,246,013
• Sewerage services	215,347	2,060,658
• Refuse services	210,888	84,958
• Sale of property	4,890,465	13,927,638
• Parking facilities	129,642	28,074
Capitalisation reserve	72,931,437	85,702,118
Accumulated surplus due to the results of operations	1,236,009,476	1,227,263,494
Total Accumulated Surplus	1,315,770,528	1,347,634,667

The Capital Replacement Reserve is a reserve to finance future capital expenditure and is fully invested in ring-fenced financial instrument investments.

The Capitalisation Reserve equals the carrying value of the items of property, plant and equipment from the former legislated funds. The Capitalisation Reserve ensures consumer equity and is not backed by cash.

Refer to Statement of Changes in Net Assets for more detail on the movement of Accumulated Surplus.

22. Rental revenue

Rental revenue earned is in respect of the following non-financial assets rented out:

Buildings	362,649	677,093
Halls	379,789	318,826
Other Facilities	1,114,827	1,131,929
	1,857,265	2,127,848

George Local Municipality

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

	2009	2008
23. Service charges		
Fire Station - Sale of water	9,523	23,146
Refuse removal	33,334,314	28,110,037
Sale of electricity	228,126,074	195,343,520
Sale of water	63,678,712	62,385,000
Sewerage and sanitation charges	44,889,402	41,244,552
Sport recreation - Sale of services	-	33,641
	370,038,025	327,139,896

The amounts disclosed above for revenue from service charges are in respect of services rendered which are billed to the consumers on a monthly basis according to the approved tariff.

24. Government grants and subsidies

Provincial: Equitable share	39,634,234	29,693,363
Provincial: Health subsidy	-	878,763
Provincial: Housing subsidy	27,501,401	19,911,106
Provincial: Proclaimed roads subsidy	788,461	750,255
Provincial: Community Development Workers	32,105	31,293
Finance Management Grant	1,328,929	302,394
Literacy programmes and training funds	205,962	609,065
Other subsidies	2,433,096	562,530
MIG: Flood damage	5,583,000	-
Library	755,946	466,454
Operational grants	78,263,134	53,205,223
Transferred from deferred revenue (offset depreciation on assets)	7,289,835	8,288,761
	85,552,969	61,493,984

George Local Municipality

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

	2009	2008
25. Property Rates		
Rates received		
Commercial	22,573,954	26,216,214
Housing Schemes	31,294	28,021
Industrial	6,038,302	-
Impermissible Rates	(3,811,482)	-
Other (flat rate)	47,722	-
Residential	95,270,257	87,780,897
State (Domestic)	193,060	5,239,151
State (Erven and Schools - business tariff)	5,034,480	-
Less: Revenue forgone/Schedule 1 rebate rates	(25,048,266)	(29,658,712)
	100,329,321	89,605,571
Valuations		
Commercial	5,219,770,988	2,063,482,590
Industrial	1,472,756,470	-
Municipal	1,331,562,840	-
Residential	26,604,836,621	6,891,263,500
State (Domestic)	52,605	434,112,100
State (Erven and schools)	1,227,921,871	-
	35,856,901,395	9,388,858,190

Assessment rates are levied on the value of land and improvements, which valuation must be performed every five years. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations, consolidations and subdivisions.

A rebate of 20% (2008:20%) was allowed on residential properties, excluding residential properties in the rural areas, whilst rebates of 10% - 40% (2008: 10% - 40%) were applied to pensioners, based on the annual income of the ratepayer. A discount of 20% was granted to the State. Business tariffs at 0.4100 for Commercial, Industrial, State Erven and Schools, and for all Areas.

Rates are levied annually on property owners and are payable by 30 September. Owners are allowed to pay the annual assessment in 12 monthly instalments, which are payable on the 7th of each month. Interest is levied at the prime rate plus 1% on outstanding rates amounts.

The total of valuations and actual rates levied were as follows:

George:	Site Valuations R	Building Valuations R	Total Valuations R	Actual Rates levied R
30 June 2009				
Commercial	154,713,500	3,235,675,970	3,390,389,470	13,900,597
Housing Schemes	-	-	-	31,293
Industrial	115,318,970	1,357,437,500	1,472,756,470	6,038,302
Other (Flat rate)	-	-	-	47,722
Residential	2,229,649,370	15,591,805,295	17,821,454,665	65,404,739
State	17,645,000	34,960,000	52,605,000	193,060
State (Erven and schools)	149,132,000	928,740,000	1,077,872,000	4,419,275
	2,666,458,840	21,148,618,765	23,815,077,605	90,034,988
30 June 2008				
Commercial	453,101,400	1,223,806,350	1,676,907,750	20,457,183
Housing Schemes	-	-	-	28,021
Other (Flat rate)	-	-	-	17,088
Residential	1,303,815,070	3,265,763,650	4,569,578,720	56,310,742
State	88,746,000	290,089,000	378,835,000	4,510,261
	1,845,662,470	4,779,659,000	6,625,321,470	81,323,295

George Local Municipality

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

	2009	2008
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25. Property Rates (continued)

The last valuation came into effect on 1 July 2008.

Uniform rates of 0,3670 (2008: 1,8164) cent in the Rand on land valuations and 0,3670 (2008: 0.9991) cent in the Rand on building valuations were applied to determine assessment rates.

Wilderness, Herolds Bay, Victoria Bay, Oubaai & Kleinkrantz:	Site valuations	Building valuations	Total valuations	Actual rates levied
30 June 2009	R	R	R	R
Commercial	66,347,000	408,880,150	475,227,150	1,948,431
Residential	1,331,202,330	3,793,884,500	5,125,086,830	17,871,178
State	31,640,000	12,322,000	43,962,000	180,244
	1,429,189,330	4,215,086,650	5,644,275,980	19,999,853
30 June 2008				
Commercial	2,920,000	1,391,000	4,311,000	63,590
Residential	688,307,600	752,988,110	1,441,295,710	19,024,045
State	3,754,000	300,000	4,054,000	67,626
	694,981,600	754,679,110	1,449,660,710	19,155,261

The last General Valuation came into effect on 1 July 2008.

Uniform rates of 0,3487 (2008: 1,7156) cent in the Rand on land valuations and 0,3487 (2008: 0,9491) cent in the Rand on building valuations were applied to determine assessment rates.

Hoekwil, Wilderness Heights & Touwsrante Smallholdings:	Site valuations	Building valuations	Total valuations	Actual rates levied
30 June 2009	R	R	R	R
Commercial	1,040,000	58,413,500	59,453,500	243,759
Residential	137,353,474	567,575,750	704,929,224	2,328,381
State (Erven and schools)	-	1,515,000	1,515,000	6,212
	138,393,474	627,504,250	765,897,724	2,578,352
30 June 2008				
Commercial	440,000	2,473,000	2,913,000	29,430
Residential	99,932,500	81,705,240	181,637,740	2,368,390
	100,372,500	84,178,240	184,550,740	2,397,820

The last General Valuation came into effect on 1 July 2008.

Uniform rates of 0.3303 (2008: 1,6348) cent in the Rand on land valuations and 0,3303 (2008: 0.8992) cent in the Rand on building valuations were applied to determine assessment rates.

Rural Areas:	Site valuations	Building valuations	Total valuations	Actual rates levied
30 June 2009	R	R	R	R
Commercial	64,889,100	1,229,811,768	1,294,700,868	5,308,274
Residential	1,035,292,990	1,918,072,912	2,953,365,902	10,838,853
State	48,392,990	56,179,881	104,572,871	428,749
	1,148,575,080	3,204,064,561	4,352,639,641	16,575,876

George Local Municipality

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

	2009	2008
25. Property Rates (continued)		
30 June 2008		
Commercial	99,496,840	279,854,000
Residential	506,807,330	191,944,000
State	18,291,100	32,932,000
	<u>624,595,270</u>	<u>504,730,000</u>
	<u>1,129,325,270</u>	<u>16,387,907</u>

The last General Valuation came into effect on 1 July 2008.

Uniform rates of 0,3670 (2008: 1,8164) cent in the Rand on land valuations and 0,3670 (2008: 0,9991) cent in the Rand on building valuations were applied to determine assessment rates.

A rebate of 80,00% (2008: 85,00%) was allowed on residential properties, whilst a rebate of (2008: 10%) was allowed on business properties.

Total for all Areas:	Site Valuations	Building Valuations	Total Valuations	Actual Rates levied
30 June 2009	R	R	R	R
Commercial	286,989,600	4,932,781,388	5,219,770,988	21,401,061
Housing Schemes	-	-	-	31,293
Industrial	115,318,970	1,357,437,500	1,472,756,470	6,038,302
Other (Flat rate)	-	-	-	47,722
Residential	4,733,498,164	21,871,338,457	26,604,836,621	96,443,151
State	97,677,990	103,461,881	201,139,871	802,053
State (Erven and schools)	149,132,000	930,255,000	1,079,387,000	4,425,487
	<u>5,382,616,724</u>	<u>29,195,274,226</u>	<u>34,577,890,950</u>	<u>129,189,069</u>
30 June 2008				
Commercial	555,958,240	1,507,524,350	2,063,482,590	25,153,485
Housing Schemes	-	-	-	28,021
Other (Flat rate)	-	-	-	17,088
Residential	2,598,862,500	4,292,401,000	6,891,263,500	88,826,538
State	110,791,100	323,321,000	434,112,100	5,239,151
	<u>3,265,611,840</u>	<u>6,123,246,350</u>	<u>9,388,858,190</u>	<u>119,264,283</u>

George Local Municipality

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Notes to the Annual Financial Statements

	2009	2008
26. Finance income		
Interest income on loans and receivables		
Art 185(a) arrangements	118,867	129,662
Land sales	49,252	126,740
Outstanding trade receivables	3,955,055	3,652,414
Selling schemes	867,113	1,129,300
Vehicle loans	1,292	17,262
Victoria Bay loans	11,020	15,549
Zader loan	-	11,031
Discounting of revenue	-	-
	5,002,599	5,081,958
External Investments		
Interest income on bank deposits	8,927,126	5,447,094
Interest income on unimpaired held-to-maturity investments	20,853,995	30,802,765
	29,781,121	36,249,859
Total finance income	34,783,720	41,331,817
27. Other Income		
Application fees for second dwelling	592,443	1,893,238
Building plan fees and related income	5,853,205	8,391,217
Contributions received to capital projects	12,975,329	15,623,628
Sale of erven	1,822,806	5,258,918
Sundry income	8,705,718	7,373,703
	29,949,501	38,540,704
The amounts disclosed above for Other Income are in respect of services rendered, other than described in notes 22 - 26, which are billed to or paid for by the users as the services are required according to approved tariffs.		
28. Bulk purchases		
Electricity	119,762,528	88,880,983
Bulk purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to the consumers. Electricity is purchased from Eskom. No water is purchased.		
29. Contracted Services		
Other contractors	45,191,056	33,451,740
30. Depreciation and amortisation		
Amortisation: Intangible assets	611,646	474,854
Depreciation: Property, plant and equipment	56,383,517	39,256,543
	56,995,163	39,731,397

George Local Municipality

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

	2009	2008
31. General expenses		
Included in general expenses are the following:		
Accommodation, entertainment and travelling costs	2,558,224	2,463,860
Chemicals	9,737,239	5,765,049
Energy costs	11,498,222	10,041,945
Flood damage	17,987,995	13,343,544
Impairment of inventory	14,765	(125,812)
Other general expenses	71,672,086	63,672,382
Rentals: operating leases	1,239,866	1,294,660
	114,708,397	96,455,628

Flood damage

Flood damage costs resulted from unseasonal floods that occurred in the George area.

Other general expenses

The amounts disclosed above for other general expenses are in respect of costs incurred in the general management of the municipality and are not direct attributable to a specific service or class of expense.

Rentals: operating leases

Rentals paid in respect of operating leases are minimum lease payments for the year under review for the office equipment held under non-cancelable operating lease agreements. The effect of the straightlining operating leases is disclosed in note 17.1.

32. Finance costs

Interest expense on financial liabilities measured at amortised cost:

Finance leases	26,208	43,223
Loans and borrowings	31,723,739	22,440,548
Housing development fund	4,316,220	4,853,918
	36,066,167	27,337,689

The weighted average capitalisation rate on funds borrowed generally is 10,07% per annum (2008: 8,00%).

33. Grants and subsidies paid

Bursary grants	223,846	263,760
Equitable share	35,074,567	25,781,422
Festival	480,000	593,009
Gifts	1,692,169	1,561,260
International Sevens Rugby	2,884,933	2,699,718
Merit grants	37,459	25,200
Social services projects	19,078	1,616,023
SPCA - Small Animal Pound	912,371	825,262
	41,324,423	33,365,654

George Local Municipality

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

	2009	2008
33. Grants and subsidies paid (continued)		
The Bursary grants are in respect of providing bursaries.		
Equitable Share Projects are projects carried out with grants received to uplift the community.		
Festival money received from the Extended Public Works Programme was utilised to create work and job opportunities in the community.		
Gifts are paid to assist individuals from the community in need caused by a disastrous event.		
International Sevens Rugby grants are made available by the Mayor on application, after consulting with the Municipal Manager on the merits of such an application.		
Merit Grants received from the Extended Public Works Programme was utilised to create work and job opportunities in the community.		
Social Service Projects are paid to assist individual from the community in need caused by a disastrous event.		
SPCA Grants available on application after consulting with the Municipal Manager on the merit of such an application.		
34. Impairment losses		
Computer Network: Impairment Expenses	3,287,264	-
Impairment of trade and other receivables	21,272,865	22,967,381
	24,560,129	22,967,381
Reversal of impairment losses on trade and other receivables	(14,502,597)	(18,213,837)
	10,057,532	4,753,544
35. Personnel costs		
Basic pay	114,796,537	97,655,056
Housing benefits and allowances	1,641,259	1,349,770
Long-service awards	1,928,381	1,544,263
Medical aid - company contributions	6,363,511	7,649,988
Other payroll levies	2,195,488	1,633,064
Overtime payments	13,211,679	10,008,763
Post-employment defined benefits	9,553,108	6,487,757
Current service cost	2,287,453	1,791,626
Interest cost	6,988,474	4,601,549
Net actuarial losses recognised	277,181	94,582
Travel, motor car, accommodation, subsistence and other allowances	10,784,431	8,272,630
UIF	1,075,845	845,700
SDL	16,482,908	13,520,215
WCA	1,077,263	650,340
	179,110,410	149,617,546
No advances were made to employees. Loans to employees are set out in note 7.		
Remuneration of Municipal Manager		
Annual remuneration	776,433	710,490
Car Allowance	84,000	84,000
Contributions to UIF, Medical and Pension Funds	1,497	1,473
Performance bonus	111,289	111,229
	973,219	907,192

George Local Municipality

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

	2009	2008
35. Personnel costs (continued)		
Remuneration of Chief Financial Officer		
Annual remuneration	527,350	472,282
Car allowance	90,000	90,000
Contributions to UIF, Medical and Pension Funds	102,693	102,669
Performance bonus	99,522	99,522
	819,565	764,473
Remuneration of Assistant Municipal Manager		
Annual remuneration	370,096	437,781
Car allowance	97,359	133,868
Contributions to UIF, Medical and Pension Funds	15,763	39,835
Other	20,000	27,500
Performance bonus	25,111	89,268
	528,329	728,252
Remuneration of Executive Director: Corporate Services		
Annual remuneration	375,949	391,433
Car allowance	103,636	119,163
Contributions to UIF, Medical and Pension Funds	87,165	85,789
Performance bonus	-	83,304
	566,750	679,689
Remuneration of the Executive Director: Community Services		
Annual remuneration	452,832	376,516
Car allowance	118,080	108,240
Contributions to UIF, Medical and Pension Funds	114,586	95,548
Performance bonus	-	81,053
	685,498	661,357
Remuneration of Executive Director: Planning and Housing		
Annual remuneration	471,607	322,182
Car allowance	96,000	72,000
Contributions to UIF, Medical and Pension Funds	117,890	80,625
Performance bonus	62,124	66,316
	747,621	541,123
Remuneration of Executive Director: Environmental Affairs		
Annual remuneration	439,237	364,623
Car allowance	139,200	127,600
Contributions to UIF, Medical and Pension Funds	107,060	88,081
Performance bonus	81,054	81,053
	766,551	661,357

George Local Municipality

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

	2009	2008
35. Personnel costs (continued)		
Remuneration of Executive Director: Civil Engineering Services		
Annual remuneration	483,502	401,281
Car allowance	132,000	121,000
Contributions to UIF, Medical and Pension Funds	111,519	93,168
Performance bonus	85,973	85,973
	812,994	701,422
Remuneration Executive Director: Electro-Technical Services		
Annual remuneration	431,142	356,995
Car allowance	144,000	132,000
Contributions to UIF, Medical and Pension Funds	110,356	91,309
Performance bonus	75,929	81,053
	761,427	661,357
36. Remuneration of councillors		
Executive Mayor	336,218	292,396
Deputy Executive Mayor	211,024	178,592
Speaker	313,646	253,149
Mayoral Committee Members	1,774,812	1,362,562
Councillors	3,026,226	2,785,676
Councillors' Contributions to Pension Funds	778,838	693,102
Travelling expenses	2,180,205	1,897,287
Cellphone expenses	441,435	392,626
Councillors' Contribution to Medical Aid	125,198	110,583
	9,187,602	7,965,973

In-kind benefits

The Councillors occupying the positions of Executive Mayor, Deputy Executive Mayor, Speaker and Executive Mayor Committee Members of the municipality serve in a full-time capacity. They are provided with office accommodation and secretarial support at the expense of the municipality in order to enable them to perform their official duties.

The Executive Mayor and Deputy Executive Mayor have a use of a Council owned vehicle for official duties.

George Local Municipality

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Notes to the Annual Financial Statements

	2009	2008
37. Auditor's remuneration		
Fees	1,710,539	1,060,748
38. Correction of prior period error		
The Municipality corrected the following prior period errors retrospectively and restated comparative amounts:		
Land not previously recognised as property, plant and equipment		
The effect of the correction is that the opening balance of the 2008 accumulated surplus is R607 705 067 more than previously reported.		
Land not previously recognised as inventory		
The effect of the correction is that the opening balance of the 2008 accumulated surplus is R296 948 323 more than previously reported.		
Post-retirement benefit obligations not recognised retrospectively		
The effect of this correction is that the opening balance of 2008 accumulated surplus is R55 944 471 less and the 2008 surplus R55 944 471 more than previously reported		
Valuation roll costs capitalised		
The effect of the correction is that the opening balance of the 2008 accumulated surplus is R1 515 102 less and the surplus for 2008 is R1 126 531 less than previously reported.		
Discounting of revenue using an imputed interest rate		
The effect of the correction is that the 2008 opening balance of accumulated surplus is R157 164 less and 2008 surplus is R28 362 less than previously reported.		
Correction of unit cost of purified water		
The effect of the correction is that the 2008 surplus is R46 270 more than previously reported.		
The effect of these corrections of error on accumulated surplus and surplus is summarised below:		
Effect on accumulated surplus		
Land not previously recognised as property, plant and equipment	-	607,705,067
Land not previously recognised as inventory	-	296,948,323
Reversal of raw water previously recognised	-	(7,490,000)
Post retirement benefit obligations	-	(55,944,471)
Post-retirement medical aid benefits	-	(51,310,982)
Ex-gratia pension payments	-	(432,934)
Long service awards	-	(4,200,555)
Valuation roll cost expensed	-	(1,515,102)
Increase in accumulated surplus	-	839,703,817
Effect on surplus for the year		
Post retirement benefit obligations	-	55,944,471
Post-retirement medical aid benefits	-	51,310,982
Ex-gratia pension payments	-	432,934
Long service awards	-	4,200,555
Valuation roll cost expensed	-	(1,126,531)
Derecognition on raw water stock	-	1,002,000
Correction of unit cost of purified water	-	46,270
Increase in surplus	-	55,866,210

George Local Municipality

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	2009	2008
38.1 Opening balances have been restated as follows:		
Land and buildings classified as property, plant and equipment		
Balance reported previously	-	-
Fair value of land not previously recognised	-	607,705,067
Restated opening balance	-	607,705,067
Land classified as inventory		
Balance reported previously	-	2,227,415
Fair value of land not previously recognised	-	296,948,323
Restated opening balance	-	299,175,738
Post-retirement benefit obligations		
Balance reported previously	-	-
Post-retirement benefits obligation recognised retrospectively	-	(55,944,471)
Restated opening balance	-	(55,944,471)
Intangible assets		
Restated opening balance/ Balance reported previously	-	8,498,434
Valuation roll cost expensed	-	(1,515,102)
Restated opening balance	-	6,983,332

39. Financial instruments

39.1 Classification of financial instruments

Financial assets

The financial assets of the municipality are classified as follows:

Loans and receivables

Non-current receivables

Housing scheme loans
Sale of erven loans
Loans to other organisations

Trade receivables

Exchange transactions

Electricity
Housing rentals
Loan instalments
Other consumer receivables
Refuse
Sewerage
Water

Non-exchange transactions

Assessment rates

	4,272,847	4,766,975
Housing scheme loans	3,300,036	3,581,392
Sale of erven loans	329,634	473,262
Loans to other organisations	643,177	712,321
Trade receivables	60,556,280	48,246,084
Electricity	15,536,395	14,209,292
Housing rentals	219,832	365,979
Loan instalments	994,979	1,041,689
Other consumer receivables	1,794,514	1,473,261
Refuse	6,856,936	5,248,960
Sewerage	8,363,583	6,188,300
Water	13,564,105	11,863,936
Non-exchange transactions	13,225,936	7,854,667
Assessment rates		

George Local Municipality

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	2009	2008
Other receivables	26,154,536	24,348,125
Exchange transactions		
Salary control accounts	907,488	516,950
Short-term loans	21,370	29,690
Sundry deposits	20,000	20,000
Sundry receivables	23,245,297	22,040,479
Non-cash portion of Housing Development Fund	1,960,381	1,741,006
Current portion of non-current receivables	899,745	730,758
Housing scheme loans	(312,521)	307,178
Loans to other organisations	33,926	33,926
Sale of erven loans	(122,132)	379,283
Actaris meter cost	431,166	-
Staff loans	-	10,371
Cash and cash equivalents	192,888,192	276,157,389
Cash on hand	17,340	12,440
Bank balances	37,938,471	33,462,568
Short-term portion of investments	154,932,381	242,682,381
Total financial assets	284,609,891	354,249,331
The financial liabilities of the municipality are classified as follows:		
Other financial liabilities		
Long-term liabilities	390,701,869	303,953,763
Annuity loans	384,125,230	296,706,654
Other loans	6,576,639	7,247,109
Current portion of long-term loan liabilities	20,321,713	14,266,594
Annuity loans	19,522,488	13,435,556
Other loans	799,225	831,038
Employee benefits	11,849,736	12,866,881
Accumulated leave	10,932,994	12,088,112
Performance bonus	916,742	778,769
Consumer deposits		
Electricity and water	10,785,097	9,763,615
Trade and other payables	64,844,319	44,620,305
Trade payables	26,082,554	19,153,740
Payments received in advance	12,752,494	3,944,804
Retentions	16,381,318	11,536,714
Sundry deposits	5,119,633	4,768,672
Other payables	4,508,320	5,216,375
Total financial liabilities	498,502,734	385,471,158

George Local Municipality

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Notes to the Annual Financial Statements

	2009	2008
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39.2 Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices;
- The fair value of other financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments;
- The fair value of derivative instruments is calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instrument for non-optional derivatives, and option pricing models for optional derivatives; and
- The fair value of financial guarantee contracts is determined using option pricing models where the main assumptions are the probability of default by the specified counterparty extrapolated from market-based credit information and the amount of loss, given the default. The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and net assets balance. The municipality's overall strategy remains unchanged from 2008.

Quoted prices

Financial assets in this category include listed redeemable notes, bills of exchange and debentures. Financial liabilities include bills of exchange and perpetual notes.

The management of the municipality is of the opinion that the carrying value of financial assets and financial liabilities recorded at amortised cost in the Annual Financial Statements approximate their fair values. The carrying amounts and fair values of financial assets and financial liabilities were as follows:

	30 June 2009		30 June 2008	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Loans and receivables	-	-	-	-
Non-current receivables	4,272,847	4,272,847	4,766,975	4,766,975
Trade receivables	60,394,570	60,394,570	48,246,084	48,246,084
Other receivables	24,473,231	24,473,231	20,928,568	20,928,568
Current portion of non-current receivables	899,745	899,745	730,758	730,758
Cash and cash equivalents	192,888,192	192,888,192	276,157,389	276,157,389
Total financial assets	282,928,585	282,928,585	350,829,774	350,829,774
Financial liabilities				
Other financial liabilities	-	-	-	-
Trade payables	64,893,628	64,893,628	44,690,326	44,690,326
Consumer deposits	10,785,097	10,785,097	9,763,615	9,763,615
Employee benefits	11,849,736	11,849,736	12,866,881	12,866,881
Current portion of loans and borrowings	20,361,844	20,361,844	14,500,718	14,500,718
Loans and borrowings	390,705,814	390,705,814	303,953,763	303,953,763
Total financial liabilities	498,596,119	498,596,119	385,775,303	385,775,303
Total financial instruments	(215,667,534)	(215,667,534)	(34,945,529)	(34,945,529)

George Local Municipality

Annual Financial Statements for the year ended 30 June 2009

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39.3 Capital risk management

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and net assets balance. The municipality's overall strategy remains unchanged from 2008.

The capital structure of the municipality consists of debt, which includes the loans and borrowings disclosed in note 13, cash and cash equivalents disclosed in note 12 and net assets, comprising funds, reserves and accumulated surplus as disclosed in the Statement of Changes in Net Assets.

Gearing ratio

The municipality's risk management committee reviews the capital structure on a semi-annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital.

Debt	411,067,658	318,499,138
Net assets	1,386,455,299	1,414,039,125
Debt to Net Assets ratio	29.64 %	22.52 %

Debt is defined as long and short-term loans and borrowings, as detailed in note 13. Net assets includes all funds and reserves of the municipality, disclosed as net assets in the statement of changes in net assets.

39.4 Financial risk management objectives

The municipality's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the municipality through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk, liquidity risk.

The municipality seeks to minimise the effects of these risks in accordance with the municipality's policies approved by the Council. The policies provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and in the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The municipality does not enter into or trade in financial instruments, including derivative financial instruments, for speculative purposes.

The Corporate Treasury function reports quarterly to the municipality's risk management committee, an independent body that monitors risks and policies implemented to mitigate risk exposures.

39.5 Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in accounting policy in note 3.6.

39.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the municipality's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Foreign currency risk

The municipality is not currently exposed to foreign currency risk.

Fair value interest rate risk

It is not anticipated that the value of financial instruments will fluctuate as a result of changes in market interest rates.

George Local Municipality

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

	2009	2008
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Price risk

The effect of any price risk in the foreseeable future is regarded as minimal given the fact that amounts receivable from the municipality's customers are levied in terms of the relevant statutes. It is not anticipated that given the nature of the municipality's business that changes in market prices will have a material impact on the trading results of the municipality.

There has been no change, since the previous financial year, to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

39.7 Interest rate risk

Interest rate risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

The municipality's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are therefore usually at fixed rates.

The municipality's exposures to interest rates on financial assets and financial liabilities are detailed in note 39.8 below.

39.8 Effective interest rate and repricing analysis

Refer to note 39.10 for the indication of the average effective interest rates of interest-bearing financial liabilities at the reporting date and the periods in which they mature or, if earlier, reprice. The following indicates the effective interest rate of income-earning financial assets (refer note 12) and the period in which they mature:

As at 30 June 2009	Average interest rate %	Total	6 months less	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
Fixed rate instruments							
Short-term investments	9 - 13	154,932,381	154,932,381	-	-	-	-
Variable rate instruments							
Bank balances	9 - 13	37,938,471	37,938,471	-	-	-	-
Total fixed and variable rate instruments		192,870,852	192,870,852	-	-	-	-

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Fair value sensitivity analysis for fixed rate instruments

A change of 100 basis points (which is a change that is considered to be reasonably possible based on observation of current market conditions) in interest rates would have increased or decreased net assets by R 1 317 814 (2008: R 140 370)

39.9 Other price risks

Sensitivity analysis – equity price risk

39.10 Liquidity risk management

Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timely basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

George Local Municipality

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		2009	2008					
The following indicates the effective interest rate of financial liabilities and the contractual cash flows (refer note13):								
As at 30 June 2009	Average interest rate %	Carry amount	Contractual cash flows	6 months less	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
Loans	6,75 - 11,9	411,023,582	836,194,607	30,626,003	30,626,003	61,252,007	183,756,021	529,934,57
As at 30 June 2008	Average interest rate %	Carry amount	Contractual cash flows	6 months less	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
Loans	9 - 11,21	318,220,357	662,855,988	23,562,935	23,562,935	47,125,870	141,377,610	427,226,63

All other financial liabilities are due and payable in less than 12 months. Refer to Appendix A on external loans for a detailed maturity analysis of financial liabilities.

39.11 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the municipality uses other publicly available financial information and its own trading records to rate its major customers. The municipality's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

Potential concentrations of credit rate risk consist mainly of investments, loans and receivables, trade receivables, other receivables, short-term investment deposits and cash and cash equivalents.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction/ exposure limits, which are included in the municipality's Investment Policy.

Trade receivables comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these customers. Trade receivables are presented net of an allowance for impairment and where appropriate, credit limits are adjusted.

In the case of customers whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Non-current Receivables and Other Receivables are collectively evaluated annually at reporting date for impairment or discounting. A report on the various categories of customers is drafted to substantiate such evaluation and subsequent impairment / discount, where applicable.

The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:

Loans and receivables	5,172,592	5,497,733
Trade receivables	60,394,570	48,431,611
Other receivables	24,473,231	20,928,568
Cash and cash equivalents	192,888,192	276,157,389
Maximum credit and interest rate exposure	282,928,585	351,015,301

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Notes to the Annual Financial Statements

	2009	2008
40. Cash (used in)/generated from operations		
(Deficit)/surplus for the year	(27,583,826)	47,417,002
Adjustments for:		
Depreciation and amortisation	56,995,163	39,731,397
Finance income	(34,783,720)	(41,331,817)
Finance costs	36,066,167	27,337,689
Impairment expenses	3,287,264	-
Impairment losses reversed	(14,502,596)	(18,213,837)
Movements in provisions	3,745,850	-
Gain / Loss on disposal of property, plant and equipment	1,663,871	(326,000)
Other movement on property, plant and equipment	-	37,050,855
Gains on recognition of water inventory	-	(46,270)
Changes in working capital:		
Decrease/(increase) in inventories	2,141,143	(4,049,408)
(Increase)/decrease in other receivables	(1,806,412)	414,898
Increase in trade receivables	2,947,136	(9,722,635)
Increase/(decrease) in trade and other payables	13,860,964	(24,363,757)
Decrease/(increase) in VAT receivable	9,944,460	355,549
Increase in consumer deposits	1,021,482	1,086,832
Increase in employee benefits	4,597,323	19,354,638
Increase/(decrease) in unspent conditional grants and receipts	(9,720,575)	(4,543,210)
	47,873,694	70,151,926

41. Accounting estimates and judgements

Management discussed with the Audit Committee the development, selection and disclosure of the municipality's critical accounting policies and estimates and the application of these policies and estimates.

41.1 Key sources of estimation uncertainty

Impairment of trade and other receivables

The impairment of the municipality's trade and other receivables is based on incurred losses in accordance with the provisions of IAS 39. The historical loss experience of the municipality, based on observable data through the passage of time, is used to estimate the impairment of trade and other receivables. Any changes in the payment status of customers in a specific group or national or local economic conditions that correlate with defaults on the assets in the group will have an impact on the impairment of trade and other receivables.

Provisions

The provisions raised by the municipality are detailed in note 16. These provisions represent management's best estimate of the municipality's exposure. The probability that an outflow of economic resources will be required to settle the obligation must be assessed and a reliable estimate must be made of the amount of the obligation. Actual results may, however, differ from these estimates.

41.2 Critical accounting judgements in applying the municipality's accounting policies

Certain critical accounting judgements in applying the municipality's accounting policies are described below.

Revenue recognition

Accounting policy note 3.10.2 on revenue from exchange transactions and accounting policy note 3.10.3 on revenue from non-exchange transactions describes the conditions under which revenue will be recorded by the management of the municipality.

In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and, in particular, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services is rendered, whether the service has been rendered. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

George Local Municipality

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41. Accounting estimates and judgements (continued)

Classification as investment property

The Municipality has reviewed its property portfolio and determined which items of land and buildings are held to earn rental revenue or for capital appreciation. Land and buildings fulfilling these requirements have been classified as investment property, whilst the remainder of the portfolio have either been classified as property, plant and equipment or inventory depending on management's intention in dealing with these properties.

Depreciation and the carrying value of items of property, plant and equipment

The estimation of the useful lives of assets is based on management's judgement. Any material adjustment to the estimated remaining useful lives of items of property, plant and equipment will have an impact on the carrying value of these items.

Determination of impairments of property, plant and equipment and intangible assets

Management is required to make judgements concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that an impairment exists. The municipality applies the impairment assessment to its separate cash generating units. This requires management to make significant judgements and estimates concerning the existence of impairment indicators, separate cash generating units, remaining useful lives of assets, projected cash flows and net realisable values. Management's judgement is also required when assessing whether a previously recognised impairment loss should be reversed.

Determination of the recoverable amount of a cash-generating unit

Where impairment indicators exist, the determination of the recoverable amount of a cash generating unit requires management to make assumptions to determine the fair value less costs to sell. Key assumptions on which management has based its determination of fair values less costs to sell include projected revenues, earnings multiple, capital expenditure and market share. The judgements, assumptions and methodologies used can have a material impact on the fair value and ultimately the amount of the impairment.

Determination of the recoverable serviced amount of non-cash-generating assets

Where impairment indicators exist, the determination of the recoverable service amount of a non-cash generating asset requires management to make assumptions to determine the fair value less costs to sell and the value in use based on the depreciated replacement cost model. Key assumptions include the current replacement cost of non-cash generating assets and in certain instances an assumption about the commissioning date which determines the depreciated replacement cost of the non-cash generating asset.

Finance and operating leases

In determining lease classification the municipality evaluated whether leases are clearly operating leases or finance leases. Based on qualitative factors it is concluded whether leases are finance or operating leases.

Post-retirement medical benefits

The assumptions used to calculate the municipality's obligation with regards to post-retirement medical benefits, ex gratia pension payments and long service awards as more fully described in note 14.3, 14.4 and 14.5 respectively. Any changes to these assumptions will have an impact on the liability at the reporting date and the related expenses to be recognised in the Statement of Financial Performance.

George Local Municipality

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

	2009	2008
42. Commitments		
42.1 Authorised capital expenditure		
Approved and contracted for:		
Infrastructure	124,912,500	68,471,300
Community	10,580,000	3,520,000
Other	50,000	-
	135,542,500	71,991,300
Approved but not yet contracted for:		
Infrastructure	96,391,960	210,355,200
Community	13,335,000	17,625,000
Other	3,810,300	30,230,900
	113,537,260	258,211,100
Total Capital Commitments	249,079,760	330,202,400
This expenditure will be financed from:		
External loans	125,131,500	134,200,000
Capital replacement reserve	24,007,360	114,925,100
Government grants	72,040,900	81,077,300
Other resources	27,900,000	-
	249,079,760	330,202,400
42.2 Operating lease commitments		
The municipality as lessee (expense)		
Operating leases relate to property, plant and equipment with lease terms not longer than 5 years, with an option to extend for a further period. All operating lease contracts contain market review clauses in the event that the municipality exercises its option to renew. The municipality does not have an option to purchase the leased asset at the expiry of the lease period.		
At the reporting date the municipality had outstanding commitments under non-cancellable operating leases for property, plant and equipment, which falls due as follows:		
Minimum lease payments due		
- Less than one year	803,262	772,641
- Between one and five years	618,166	754,061
	1,421,428	1,526,702
The following payments have been recognised as an expense in the Statement of Financial Performance:		
Minimum lease payments	1,163,422	1,294,660
In respect of non-cancellable operating leases the following liabilities have been recognised:		
The total future minimum lease payment expected to be received under non-cancellable sublease (refer note 17.1)	49,310	70,021

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Notes to the Annual Financial Statements

	2009	2008
42. Commitments (continued)		
The municipality has operating lease agreements for the following classes of assets, which are only significant collectively:		
<ul style="list-style-type: none"> Office equipment Vehicles 		
No restrictions have been imposed on the municipality in terms of the operating lease agreements.		
The municipality as lessor (Income)		
Operating leases relate to property owned by the municipality with lease terms of between 5 to 20 years, with an option to extend for a further 10 years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.		
At the reporting date the following lease receipts were receivable under non cancellable operating leases for property, which are receivable as follows:		
Minimum lease payments due		
- Less than one year	344,661	701,349
- Between one and five years	472,102	997,520
- More than five years	674,311	759,018
	1,491,074	2,457,887
The municipality has operating lease agreements for the following classes of assets, which are only significant collectively:		
<ul style="list-style-type: none"> Municipal buildings Vacant land 		
No restrictions have been imposed on the municipality in terms of the operating lease agreements.		
43. In-kind donations and assistance		
The municipality did not receive any in-kind donations and assistance during the year under review.		
44. Additional disclosure in terms of Municipal Finance Management Act		
44.1 Contributions to organised local government - SALGA		
Opening balance	-	-
Current year subscription / fee	709,741	500,753
Amount paid - current year	(709,741)	(500,753)
Closing balance	-	-
44.2 Audit fees		
Opening balance	-	-
Current year subscription / fee	1,710,539	1,060,748
Amount paid - current year	(1,710,539)	(1,060,748)
Closing balance	-	-

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Notes to the Annual Financial Statements

	2009	2008
44. Additional disclosure in terms of Municipal Finance Management Act (continued)		
44.3 VAT		
VAT receivable	-	8,337,699
VAT payable	1,606,761	-
	1,606,761	8,337,699

VAT input receivables and VAT output payables and are shown in note 11. All VAT returns have been submitted by the due date throughout the year.

44.4 PAYE and UIF

Opening balance	-	-
Current year subscription / fee	22,965,591	17,093,952
Amount paid - current year	(22,965,591)	(17,093,952)
Closing balance	-	-

44.5 Pension and Medical Aid Deductions

Opening balance	-	-
Current year subscription / fee	37,146,822	29,206,301
Amount paid - current year	(37,146,822)	(29,206,301)
Closing balance	-	-

44.6 Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2009:

30 June 2009	Outstanding less than 90 days	Outstanding more than 90 days	Total
BF Heyns	1,462	487	1,949
30 June 2008	Outstanding less than 90 days	Outstanding more than 90 days	Total
None	-	-	-

During the year the following Councillors had arrear accounts outstanding for more than 90 days.

30 June 2009	Highest outstanding amount	Ageing (in days)
None	-	-
30 June 2008	Highest outstanding amount	Ageing (in days)
None	-	-

George Local Municipality

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

2009

2008

44. Additional disclosure in terms of Municipal Finance Management Act (continued)

44.7 Non-compliance with chapter 11 of the Municipal Finance Management Act

No known matters existed at reporting date. The Municipality has developed a supply chain management policy which was approved by Council in September 2005.

44.8 Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the City Manager and noted by Council. The expenses incurred as listed hereunder have been condoned.

Incident	Awarded to	Date	Reason	Approved by	Amount excluding VAT
Assistance with the 2008 Annual Financial Statements and the implementation of the GRAP Exemptions	KPMG	May 2009	Urgent / Emergency	CM Africa - Accounting Officer	540,930
Task computer system	Deloitte Consulting	June 2009	Sole supplier	M Gericke - SCM Manager	55,632
Purchase of A0 colour scanner, A0 black & white copier	Konica Minolta SA	June 2009	Impractical to invite tenders after all the major suppliers were involved	CM Africa - Accounting Officer	221,475
Integrated telephone system: law enforcement	Canon	May 2009	Impractical to invite tenders after all the major suppliers were involved	CM Africa - Accounting Officer	91,126
Civil design software	Knowledge base	March 2009	Sole supplier	M Gericke - SCM Manager	44,574
Thembalethu N2 sewer pipeline	AGMS	March 2009	Emergency	CM Africa - Accounting Officer	1,399,705
Material to erect 50 small structures	Lebogang corrosion services	December 2008	Emergency	CM Africa - Accounting Officer	394,995
Leave records audit	Ernst and Young	March 2009	Impractical to follow the official procurement process	CM Africa - Accounting Officer	1,126,320
					3,874,757

45. Comparison with budget

The comparison of the municipality's actual financial performance with that budgeted, is set out in Annexure's E (1) and E (2).

46. Private public partnership

The municipality was not a party to any Private Public Partnerships during the current financial year.

47. Utilisation of loans and borrowings reconciliation

Loans and borrowings raised

411,067,658 318,499,138

Loans and borrowings have been utilised in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that loans and borrowings can be repaid on redemption date.

George Local Municipality

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

	2009	2008
48. Contingent liabilities		
48.1 Guarantees	32,381	32,381
The municipality issued bank guarantees in respect of building society and commercial bank housing loans to municipal officials in favour of the lending institutions.		
48.2 Breach of contract:		
- Raain Laing	-	500,000
- Panasonic Business Systems Southern Cape	85,551	-
- CW Potgieter	1,398,226	-
	-	-
48.3 Compensation of damages:		
- Magdakena Ruiters	85,000	-
- Dr MC Chimes	61,272	-
- MP Adendorff	2,820,661	-
- James & 10 others	1,748,000	-
	6,198,710	500,000

Council is involved in law suits and is being sued for breach of contract and compensation for damages. Council is defending the matters. It is anticipated that the matters will be concluded during the ensuing financial year.

49. Fruitless and wasteful expenditure

Data Integration, Sharing and Communications Systems	4,193,828	-
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The council stopped any further developments to the project pending further investigation.

50. Related parties

Services rendered to related parties

During the year the municipality rendered services to the following related parties:

30 June 2009	Rates charges	Service charges	Outstanding balance
Councillors	54,784	117,934	5,932
Municipal Manager and Section 57 Personnel	30,303	47,089	1,645
	85,087	165,023	7,577
30 June 2008	Rates charges	Service charges	Outstanding balance
Councillors	106,046	111,232	4,866
Municipal Manager and Section 57 Personnel	17,166	28,413	-
	123,212	139,645	4,866

The services rendered to related parties are charged at approved tariffs that were advertised to the public. No bad debts were written off or recognised in respect of amounts owed by related parties.

The amounts outstanding are unsecured and will be settled in cash. Consumer deposits were received from councillors, the municipal manager and Section 57 personnel. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

Annual Financial Statements for the year ended 30 June 2009

2009	2008
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In terms of the MFMA, the municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004. Loans, together with the conditions thereof, granted prior to this date are disclosed in note 7 to the Annual Financial Statements.

Compensation of Key Management Personnel and Councillors is set out in note 35, to the Annual Financial Statements.

The municipality bought goods from the following companies, which are considered to be Related Parties:

1. Mrs L Neethling is related to Councillor C Neethling.
2. Mrs ME Claasen is the mother of Jonique Trentaal, who is employed by George Municipality.
3. The Director of Nashua in George is related to Councilor AJ van Zyl.
4. Mrs Rasi is related to Eric Rasi, who is a traffic officer at George Municipality.
5. The chairperson of ACVV is related to the Mayor, PH de Swardt. R Londt, who is a member of the ACVV is related to Councilor R Londt.

The abovementioned persons are only involved on a voluntary basis.

The transactions were concluded in full compliance with the municipality's Supply Chain Management Policy and the transactions are considered to be at arm's length.

Grants and subsidies

The following grants and subsidies were received from related parties:

51. Events after the reporting date

The Southern Cape is experiencing a severe drought. Certain areas within the demarcated area of the Eden District Municipality, including George Municipality was recently declared a disaster zone. An amount of 15 000 000.00 was allocated to the George Municipality from National Government to assist with drought.

APPENDIX A

GEORGE LOCAL MUNICIPALITY : SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2009

Details	Original Loan Amount	Interest Rate	Loan Number	Redeemable	Balance at 30/06/2008	Received during the Period	Redeemed during the Period	Transferred/ Written Off during Period	Balance at 30/06/2009	Carrying Value of Property, Plant & Equip	Other Costs in accordance with MFMA
INCA	-	9.00%	1061	30/06/2015	19,020,789	-	(2,054,960)	-	16,965,829	14,501,465	-
DBSA	-	9.04%	1062	31/12/2025	33,579,843	-	(858,816)	-	32,721,027	30,364,863	-
INCA	18,000,000	10.07%	1063	30/06/2016	15,663,777	-	(1,354,093)	-	14,309,684	15,069,521	-
ABSA	18,000,000	10.50%	1064	30/06/2016	15,699,310	-	(1,337,778)	-	14,361,533	13,951,024	-
DBSA	46,000,000	9.41%	1065	31/12/2026	44,259,775	-	(1,008,916)	-	43,250,860	42,889,175	-
DBSA	45,700,000	9.18%	1066	30/06/2027	44,838,125	-	(937,546)	-	43,900,578	41,273,394	-
DBSA	47,400,000	9.365%	1067	30/06/2017	44,358,591	-	(3,327,225)	-	41,031,366	43,984,634	-
DBSA	38,540,000	11.21%	1068	30/06/2018	38,540,000	-	(1,516,273)	-	37,023,727	36,895,135	-
DBSA	54,182,000	11.10%	1069	30/06/2028	54,182,000	-	(1,541,886)	-	52,640,114	53,757,052	-
DBSA	39,743,000	11.86%	1070	30/06/2029	39,743,000	39,743,000	-	-	39,743,000	35,354,658	-
DBSA	20,000,000	6.75%	1071	30/06/2024	20,000,000	20,000,000	-	-	20,000,000	19,834,175	-
DBSA	34,700,000	11.90%	1072	30/06/2019	34,700,000	34,700,000	-	-	34,700,000	34,467,499	-
DBSA	13,000,000	6.75%	1073	30/06/2019	13,000,000	13,000,000	-	-	13,000,000	12,905,444	-
Total Annuity Loans	375,265,000				310,142,210	107,443,000	(13,937,492)	-	403,647,718	395,248,040	-
CAPITAL LEASE LIABILITIES											
Vehicle Leases	-				75,647	-	(47,444)	-	28,203	23,085	-
Other Leases	-				203,134	-	(187,261)	-	15,873	215,402	-
Total Capital Lease Liabilities	-				278,781	-	(234,705)	-	44,076	238,487	-
OTHER LOANS											
DBSA (George Electricity)	-				5,817,596	-	(521,439)	-	5,296,158	-	-
DBSA (Wilderness Sewerage)	-				2,260,550	-	(180,844)	-	2,079,706	-	-
Total Other Loans	-				8,078,147	-	(702,283)	-	7,375,864	-	-
TOTAL EXTERNAL LOANS	375,265,000				318,499,138	107,443,000	(14,874,479)	-	411,067,658	395,486,527	-

APPENDIX B
GEORGE MUNICIPALITY: ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2009

[illegible]

APPENDIX C

GEORGE LOCAL MUNICIPALITY: SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2009

Department Description	BFwd.Cost	Additions	Completed Constructions	Disposals	CFwd.Cost	BFwd.WIP	Additions	Completed Constructions	CFwd. WIP	BFwd. Deprec.	Additions	Transfers	Disposals	CFwd. Deprec.	Carrying Value	Budget Additions
Office of the Municipal Manager	494,599.37	752,033.34	4,550.00	0.00	1,251,182.71	0.00	4,550.00	(4,550.00)	0.00	(60,490.99)	(31,661.89)	0.00	0.00	(192,152.88)	1,059,029.83	837,000
Financial Services	1,662,890.55	195,119.95	0.00	0.00	1,858,000.50	0.00	0.00	0.00	0.00	(866,095.19)	(1,002,302.10)	0.00	865,544.50	(987,862.76)	870,147.72	250,000
Corporate Services	68,681,947.08	6,946,468.59	2,426,951.94	(27,304.93)	76,028,052.56	1,966,171.25	460,760.59	(2,426,951.94)	0.00	(14,578,274.94)	(2,733,004.52)	0.00	17,392.53	(17,293,866.93)	60,734,155.63	7,531,000
Planning and Development	649,654,110.63	4,195,657.54	933,226.30	(2,235,894.75)	652,547,699.82	0.00	1,539,504.25	(933,226.30)	608,277.95	(5,579,369.46)	(3,176,994.91)	0.00	0.00	(8,755,364.37)	644,967,013.40	5,942,000
Civil and Technical Services	533,711,675.28	80,191,213.95	165,409,388.94	0.00	779,312,278.17	146,192,842.39	132,407,923.09	(165,409,388.94)	113,191,376.54	(156,474,780.04)	(34,682,329.33)	0.00	0.00	(191,157,109.37)	701,945,545.34	213,144,000
Community Services	15,765,853.61	4,914,796.01	482,140.00	0.00	21,192,789.62	0.00	830,665.00	(482,140.00)	338,525.00	(3,468,065.24)	(1,434,046.24)	0.00	0.00	(4,920,111.48)	16,611,203.14	5,806,000
Electro-Technical Services	218,253,468.09	21,667,794.02	18,690,094.51	(1,046,291.15)	257,755,065.47	2,784,590.14	19,487,613.31	(18,690,094.51)	3,592,108.94	(79,778,259.86)	(11,225,127.99)	0.00	1,033,017.96	(89,973,370.61)	171,373,783.80	41,525,000
Environmental Affairs	50,005,112.41	6,094,407.19	5,032,308.48	(539,457.69)	60,592,370.25	2,104,492.51	4,422,519.24	(5,032,308.48)	1,494,703.27	(10,348,671.89)	(2,746,247.64)	0.00	445,435.71	(12,851,462.81)	49,425,599.71	11,195,000
	1,538,249,647.02	125,147,470.69	192,978,660.07	(3,848,348.68)	1,832,526,629.10	453,046,096.29	159,153,555.48	(192,978,660.07)	119,222,991.70	(271,173,006.71)	(57,133,714.62)	0.00	2,374,380.10	(325,932,341.23)	1,645,617,479.57	286,134,000
INTANGIBLE ASSETS																
Valuation Roll	2,641,633.51	0.00	0.00	(2,641,633.51)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0
	2,641,633.51	0.00	0.00	(2,641,633.51)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0
LEASED ASSETS																
Vehicles (Leases)	221,997.09	0.00	0.00	0.00	221,997.09	0.00	0.00	0.00	0.00	(163,144.09)	(35,767.78)	0.00	0.00	(198,911.86)	23,085.23	0
Other (Leases)	472,297.03	0.00	0.00	0.00	472,297.03	0.00	0.00	0.00	0.00	(162,915.94)	(94,579.41)	0.00	0.00	(257,495.35)	215,461.68	0
Total Leased Assets	694,294.12	0.00	0.00	0.00	694,294.12	0.00	0.00	0.00	0.00	(326,060.02)	(130,347.19)	0.00	0.00	(456,407.21)	238,466.91	0
	1,541,598,174.65	125,147,470.69	192,978,660.07	(6,490,382.19)	1,833,221,723.22	453,046,096.29	159,153,555.48	(192,978,660.07)	119,222,991.70	(271,169,066.73)	(57,133,688.62)	0.00	2,374,380.10	(326,386,768.44)	1,646,055,966.48	286,134,000

APPENDIX D

GEORGE LOCAL MUNICIPALITY: SEGMENTAL STATEMENT OF

FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009

2008 Actual Income	2008 Actual Expenditure	2008 Surplus/ (Deficit)	Description	2009 Actual Income	2009 Actual Expenditure	2009 Surplus/ (Deficit)
R	R	R		R	R	R
132,177	72,115,129	(71,982,952)	Executive and Council	188,106	24,646,848	(24,458,742)
164,357,446	65,887,716	98,469,730	Finance and Administration	172,482,855	94,754,427	77,728,429
12,172,755	23,245,085	(11,072,330)	Planning and Development	9,911,744	27,621,864	(17,710,119)
860,264	5,198,759	(4,338,495)	Health	150,318	5,738,931	(5,588,614)
1,298,125	13,810,975	(12,512,850)	Community and Social Services	1,693,747	12,615,850	(10,922,103)
28,117,124	33,477,442	(5,360,318)	Housing	34,446,298	40,873,581	(6,427,283)
4,847,405	34,100,829	(29,253,423)	Public Safety	9,968,909	44,098,825	(34,129,916)
1,367,903	16,995,017	(15,627,113)	Sport and Recreation	2,309,394	17,443,591	(15,134,196)
2,317	4,345,524	(4,343,207)	Environmental Protection	-	5,192,401	(5,192,401)
79,722,330	100,140,714	(20,418,383)	Waste Management	94,175,598	127,570,100	(33,394,502)
8,864,071	5,810,139	3,053,932	Roads and Transport	8,260,509	6,325,538	1,934,971
69,713,107	57,674,983	12,038,124	Water	70,648,137	76,554,030	(5,905,894)
203,043,420	145,942,228	57,101,193	Electricity	238,186,008	185,955,767	52,230,241
5,094	691,928	(686,834)	Other	-	613,698	(613,698)
574,503,540	579,436,466	(4,932,927)	Sub-Total	642,421,624	670,005,451	(27,583,826)
46,272	(52,303,656)	52,349,929	Net: Prior year adjustments			
574,549,812	527,132,810	47,417,002	Total	642,421,624	670,005,451	(27,583,826)

APPENDIX D(1)
GEORGE LOCAL MUNICIPALITY
ANALYSIS OF OPERATING INCOME AND EXPENDITURE
FOR THE YEAR ENDED 30 JUNE 2009

	Actual 2007/2008	Amended Budget 2007/2008		Actual 2008/2009	Amended Budget 2008/2009
INCOME					
Government and Provincial Grants / Subsidies	61,493,984	126,379,691		85,552,968	82,738,870
Income from tariffs, service charges, etc.	542,131,338	499,338,100		581,916,922	571,467,401
	R 603,625,322	R 625,717,791		R 667,469,890	R 654,206,271
EXPENDITURE					
Salaries and allowances	213,373,562	171,458,953		188,353,684	182,352,638
General expenses	329,415,606	326,959,086	*	427,009,121	405,639,314
Repairs and maintenance	61,665,536	53,308,650		54,257,495	56,205,590
Capital charges	22,483,733	31,569,524		29,028,036	31,714,568
Contributions to capital outlay	457,993	2,904,800		195,223	236,900
Contributions to funds and reserves	75,873,043	72,581,396		99,986,878	97,870,335
	R 703,269,473	R 658,782,409		R 798,830,437	R 774,019,345
Less: Amounts charged out	(94,711,223)	(86,686,037)		(103,776,721)	(103,614,861)
	R 608,558,251	R 572,096,372		R 695,053,716	R 670,404,484
Nett Expenditure					
Net: Prior year adjustments	52,349,929				
	R 47,417,002	R 53,621,419		(R 27,583,826)	(R 16,198,213)
Bulk purchases of electricity included in general expenses	R 88,880,983	R 90,000,000		R 119,762,528	R 124,315,000
Depreciation is included in general expenses	R 40,366,728	R 42,638,150		R 56,995,163	R 53,817,024

APPENDIX D(2)
GEORGE LOCAL MUNICIPALITY : SUMMARY OF INCOME/EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2009

BUDGET COST CENTRE	VIREMENT VOTÉ NO	GROSS EXPENDITURE	ADMINISTRATION EXPENDITURE	NETT EXPENDITURE	INCOME	NETT (SURPLUS)/DEFICIT	APPROPRIATIONS	NETT (SURPLUS)/DEFICIT AFTER 8TL
OFFICE OF THE MUNICIPAL MANAGER								
OFFICE OF THE MUNICIPAL MANAGER	1	1 797 882.00	(1 776 682.00)	11 190.00	(11 190.00)	0.00	0.00	0.00
ASSISTANT MUNICIPAL MANAGER	1	5 426 400.00		5 426 400.00		5 426 400.00		5 426 400.00
TOURISM BUREAU	1	1 223 808.00		1 223 808.00	0.00	1 223 808.00	(5 792.00)	1 218 016.00
INTERNAL AUDIT	1	4 793 049.00	(4 791 551.00)	2 118.00	(2 118.00)	0.00	0.00	0.00
STRATEGIC SERVICES	1	1 120 977.00		1 120 977.00	(200 000.00)	920 977.00	0.00	920 977.00
LEGAL SERVICES	1	347 556.00		347 556.00	0.00	347 556.00	0.00	347 556.00
LOCAL ECONOMIC DEVELOPMENT	1	3 474 197.00	0.00	3 474 197.00	(13 383.00)	3 460 814.00	(953 883.00)	3 106 931.00
COUNCIL GENERAL EXPENSES	1	25 053 252.00	(5 854 758.00)	15 198 493.00	(166 152.00)	19 032 341.00	0.00	19 032 341.00
COUNCILLORS	1	10 767 523.00	(10 766 760.00)	10 773.00	(10 773.00)	0.00	0.00	0.00
OFFICE OF THE EXECUTIVE MAYOR	1	961 984.00	-961 896.00	(2.00)	0.00	(2.00)	0.00	(2.00)
SOCIAL SERVICES	1	4 997 656.00	0.00	4 997 656.00	0.00	4 997 656.00	(402 700.00)	4 594 956.00
HIV PROJECTS	1	751 274.00	0.00	751 274.00	(147 668.00)	603 606.00	0.00	603 606.00
TOTAL OFFICE OF THE MUNICIPAL MANAGER		60 696 438.00	(24 141 604.00)	36 554 833.00	(551 274.00)	36 003 559.00	(762 375.00)	35 241 184.00
CORPORATE SERVICES								
ADMINISTRATION	2	10 511 512.00	(1 442 000.00)	9 069 512.00	(34 688.00)	9 034 814.00	(1 661.00)	9 033 153.00
MAIN LIBRARY-CALEDONSTRAAT	3	3 662 860.00	0.00	3 662 860.00	(911 627.00)	2 751 233.00	(124 290.00)	2 626 943.00
BRANCH LIBRARIES	3	2 354 904.00	0.00	2 354 905.00	(31 011.00)	2 323 895.00	(179 205.00)	2 144 690.00
POLICES	2	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CLIENT SERVICES	2	1 519 800.00	0.00	1 519 800.00	(32 104.00)	1 487 696.00	0.00	1 487 696.00
SWITCH-BOARD	2	1 534 004.00	(1 261 000.00)	273 004.00	(360 721.00)	(87 717.00)	0.00	(87 717.00)
PACALTSOOP HALL	2	318 326.00	0.00	318 326.00	(46 312.00)	272 014.00	0.00	272 014.00
CIVIC CENTRE	2	7 185 533.00	(3 422 080.00)	3 763 533.00	(202 258.00)	3 561 281.00	0.00	3 561 281.00
BLANCO HALL	2	147 715.00	0.00	147 715.00	(21 371.00)	126 344.00	0.00	126 344.00
CONVILLE HALL	2	455 574.00	0.00	455 574.00	(41 541.00)	411 033.00	0.00	411 033.00
LAWAARHAMP HALL	2	0.00	0.00	0.00	(13 948.00)	(13 948.00)	0.00	(13 948.00)
ROSEMORE HALL	2	33 118.00	0.00	33 118.00	(27 410.00)	5 708.00	0.00	5 708.00
THEUBALETHU HALL	2	301 059.00	0.00	301 059.00	(29 148.00)	271 911.00	(177 498.00)	94 413.00
TOURSPANTEN HALL	2	124 046.00	0.00	124 046.00	(14 841.00)	109 204.00	0.00	109 204.00
COMPUTER NETWORK	2	5 246 416.47	(1 900 000.00)	3 346 416.47	(19 811.00)	3 327 605.47	(3 865.00)	3 323 740.47
HUMAN RESOURCES ADMINISTRATION	2	12 864 357.00	(11 590 058.00)	1 294 299.00	(205 961.00)	1 078 337.00	(4 171.00)	1 074 166.00
TOTAL CORPORATE SERVICES		46 459 029.47	(19 605 058.00)	26 853 971.47	(1 991 762.00)	24 859 212.47	(460 690.00)	24 398 522.47
COMMUNITY SERVICES								
FIRE BRIGADE	4	9 558 228.00	(955 000.00)	8 603 228.00	(86 643.00)	8 516 585.00	(765 491.58)	8 349 093.52
HAWKER CONTROL	4	1 715 087.00	0.00	1 715 087.00	(221 667.00)	1 493 420.00	(52 606.00)	1 440 814.00
TRAFFIC SERVICES: VEHICLE TESTING CENTRE	4	1 093 125.00	0.00	1 093 125.00	(304 020.00)	789 105.00	0.00	789 105.00
SECURITY SERVICES	4	4 799 363.00	0.00	4 799 363.00	0.00	4 799 363.00	0.00	4 799 363.00
TRAFFIC SERVICES: LAW ENFORCEMENT	4	30 844 330.00	(746 100.00)	30 098 230.00	(5 880 265.00)	20 215 965.00	(2 800 591.00)	18 215 374.00
TRAFFIC SERVICES: VEHICLE REGISTRATION	4	2 820 195.00	0.00	2 820 195.00	(15 111 726.00)	(12 291 530.00)	(16 172.00)	(12 307 700.00)
TRAFFIC SERVICES: DRIVERS LICENSES	4	1 665 196.00	0.00	1 665 196.00	(391 105.00)	1 274 091.00	0.00	1 274 091.00
TOTAL COMMUNITY SERVICES		52 411 524.00	(1 101 100.00)	51 308 424.00	(17 602 622.00)	33 705 802.00	(2 834 860.58)	30 870 941.52
PLANNING & DEVELOPMENT								
HOUSING ADMINISTRATION	5	39 051 243.00	0.00	39 051 243.00	(28 341 939.00)	10 709 304.00	(2 477 103.00)	8 232 201.00
PLANNING	5	9 617 768.00	0.00	9 617 768.00	(6 887 557.00)	2 730 211.00	(529.00)	2 729 682.00
PROPERTIES	5	6 599 938.00	0.00	6 599 938.00	(2 656 058.00)	3 943 880.00	(4 120 458.00)	(265 577.00)
DIRECTOR: PLANNING AND DEVELOPMENT	5	6 596 014.00	0.00	6 596 014.00	(113 828.00)	6 482 186.00	0.00	6 482 186.00
TOTAL PLANNING AND DEVELOPMENT		61 744 964.00	0.00	61 744 964.00	(37 996 382.00)	23 748 582.00	(6 598 100.00)	17 147 482.00

APPENDIX D(2)
GEORGE LOCAL MUNICIPALITY : SUMMARY OF INCOME/EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2009

BUDGET COST CENTRE	VIREMENT VOTE NO	GROSS EXPENDITURE	ADMINISTRATION EXPENDITURE	NETT EXPENDITURE	INCOME	NETT (SURPLUS)/DEFICIT	APPROPRIATIONS	NETT (SURPLUS)/DEFICIT AFTER BTL
ENVIRONMENTAL AFFAIRS								
ENVIRONMENTAL HEALTH	6	771,484.00	0.00	771,484.00		771,484.00		(13,930.00)
ENVIRONMENTAL ADMIN	6	5,323,816.00	(1,102,900.00)	4,220,916.00	0.00	4,220,916.00		142,781.00
PERSONAL HEALTH ADMIN	6	0.00	0.00	0.00	(2,648.91)	(2,648.91)		(13,278.94)
SPORT/RECREATION	6	5,104,234.00	0.00	5,104,234.00	(180,478.00)	5,923,756.00		(4,815,446.00)
SWIMMING POOL	6	966,865.00	0.00	966,865.00	(30,084.00)	936,791.00		936,791.00
CEMETERIES	6	1,254,894.00	0.00	1,254,894.00	(351,277.00)	903,617.00		(1,230,355.00)
BENCH AREAS	6	262,985.00	0.00	262,985.00		2,375.00		(37,181.00)
HEROLDSBAY CARAVAN PARK	6	231,382.00	(47,327.00)	183,435.00	(262,182.00)	(78,747.00)		(82,994.00)
PARKS AND GARDENS	6	9,526,077.00	0.00	9,526,077.00	(1,576,058.00)	8,350,019.00		7,981,602.00
FORESTRY	6	613,697.00	0.00	613,697.00	0.00	613,697.00		0.00
REMOVAL OF MIGHT SOIL	7	885,905.00	0.00	885,905.00	0.00	885,905.00		885,905.00
DUMPING SITE	7	5,528,766.00		5,528,766.00		5,528,766.00		5,528,766.00
STREET CLEANING	7	4,340,556.00	(64,007.00)	4,276,549.00	0.00	4,276,549.00		4,276,549.00
PUBLIC TOILETS	7	949,972.00	0.00	949,972.00	0.00	949,972.00		949,972.00
REFUSE REMOVAL	7	21,426,830.00	(3,298.00)	21,423,534.00	(34,474,198.85)	(13,050,664.85)		(13,054,353.85)
MAINTENANCE	8	1,017,770.00	-17,435.00	1,000,335.00	0.00	1,000,335.00		1,000,335.00
COMMONAGE AND SIDINGS	8	753,661.00	0.00	753,661.00	0.00	753,661.00		753,661.00
TOTAL: ENVIRONMENTAL AFFAIRS		60,558,865.00	(1,236,585.00)	59,322,280.00	(37,137,577.76)	22,185,702.24	(6,631,799.34)	15,553,902.90
CIVIL AND TECHNICAL SERVICES								
PROCLAIMED ROADS	9	831,017.00	0.00	831,017.00	(788,480.00)	42,537.00		(130,169.00)
CIVIL AND TECHNICAL SERVICES: ADMINISTRATION	9	10,315,901.00	(3,313,000.00)	6,902,901.00	(2,666,974.00)	4,235,927.00		4,235,927.00
STREETS AND STORM WATER	10	74,775,113.00	(5,902,757.00)	68,872,356.00	(11,343,114.00)	57,529,242.00		47,190,123.00
SEWERAGE, MAINLINES AND PUMP STATIONS	10	28,863,230.00	(3,650,213.00)	25,213,017.00	(48,358,295.75)	(22,725,278.75)		(36,158,678.75)
WATER CONTAMINATION CONTROL	10	19,203,147.00	0.00	19,203,147.00	(398,875.00)	18,816,272.00		17,63,288.00
WATER PURIFICATION	11	30,605,987.00	0.00	30,605,987.00	(2,345,429.00)	28,260,558.00		17,143,637.00
WATER DISTRIBUTION	11	32,804,307.00	(6,058,414.00)	26,744,893.00	(67,915,803.58)	(41,170,927.58)		(44,594,992.58)
TOTAL CIVIL AND TECHNICAL SERVICES		197,118,702.00	(10,325,384.00)	176,793,318.00	(133,834,988.33)	44,958,329.67	(36,725,094.00)	8,233,235.67
ELECTRO TECHNICAL SERVICES								
ELECTRO TECHNICAL SERVICES: ADMINISTRATION	12	16,594,055.00	(497,000.00)	15,797,055.00	(1,519,963.00)	14,277,093.00		14,277,093.00
ELECTRO TECHNICAL SERVICES: DISTRIBUTION	12	175,553,323.00	(5,394,616.00)	170,158,707.00	(236,696,042.52)	(66,507,335.52)	(5,343,311.00)	(71,850,646.52)
FLEET MANAGEMENT	12	15,546,454.00	(15,660,675.00)	(114,222.00)	(765,807.00)	(880,029.00)		(2,095,835.00)
MECHANICAL WORKSHOP	13	1,049,040.00	(752,377.00)	296,663.00	0.00	296,663.00		296,663.00
TOTAL ELECTRO TECHNICAL SERVICES		208,442,872.00	(22,904,690.00)	186,138,204.00	(238,951,812.52)	(52,813,608.52)	(6,558,177.00)	(59,372,785.52)
FINANCIAL SERVICES								
HOUSING	14	1,822,336.00	0.00	1,822,336.00	(6,104,358.20)	(4,282,022.20)		(1,709.20)
ASSESSMENT RATES	15	27,013,531.00	0.00	27,013,531.00	(127,263,396.26)	(100,249,865.26)		(80,055,394.26)
CREDIT CONTROL	15	41,874,690.00	0.00	41,874,690.00	(38,395,110.00)	3,479,580.00		3,479,580.00
STORES	15	1,219,266.00	(1,858,489.00)	(639,221.00)	(10,950.00)	(650,171.00)		(650,171.00)
COMPUTER FRAMEWORK	15	2,204,807.00	(1,500,000.00)	704,807.00	0.00	704,807.00		704,807.00
FINANCIAL SERVICES: INCOME	15	9,402,175.00	0.00	9,402,175.00	(56,484.00)	9,346,691.00		9,346,691.00
FINANCIAL SERVICES: VALUATIONS	15	454,537.00	0.00	454,537.00	0.00	454,537.00		454,537.00
FINANCIAL SERVICES: GENERAL	15	8,368,875.00	(12,732,000.00)	(4,363,125.00)	(568,398.00)	(4,711,491.00)		(4,914,086.00)
FINANCIAL SERVICES: SUPPLY CHAIN MANAGEMENT	15	1,741,546.00	0.00	1,741,546.00	(206,636.00)	1,534,910.00		1,534,910.00
FINANCIAL SERVICES: EXPENDITURE	15	2,038,239.00	0.00	2,038,239.00	0.00	2,038,239.00		2,038,239.00
TREASURY: REMUNERATION	15	1,010,847.00	(950,847.00)	60,000.00	0.00	60,000.00		60,000.00
FINANCIAL SERVICES: BUDGET OFFICE	15	2,494,721.00	0.00	2,494,721.00	(555,039.00)	1,939,682.00		1,939,682.00
FINANCIAL SERVICES: FINANCIAL STATEMENTS	15	2,441,831.00	0.00	2,441,831.00	(793,889.00)	1,647,942.00		1,647,942.00
FINANCE ADMINISTRATION	15	9,280,532.00	0.00	9,280,532.00	(25,514,323.44)	(16,233,891.44)		(16,233,891.44)
TOTAL FINANCIAL SERVICES		111,398,035.00	(17,061,336.00)	94,336,699.00	(195,337,551.90)	(100,900,852.90)	24,272,288.00	(80,728,563.90)
GRAND TOTAL FOR GEORGE MUNICIPALITY		798,830,430.47	(103,776,721.00)	695,053,716.47	(687,469,890.51)	27,583,825.96	(6,329,807.32)	(6,745,981.36)

APPENDIX E(1)
GEORGE LOCAL MUNICIPALITY
ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2009

Description	2008/2009	2008/2009	2008/2009	2008/2009	2008/2009	Explanation of Significant Variances greater than 10% versus Budget
	Actual	Budget	Variance	Variance	%	
REVENUE	R	R	R	R	%	
Property Rates	100,329,322	102,116,000	(1,786,678)	(1,786,678)	(1.75)	
Property Rates - Penalties imposed and collection charges	1,567,336	1,600,000	(32,664)	(32,664)	(2.04)	
Service Charges	370,038,025	372,381,240	(2,343,215)	(2,343,215)	(0.63)	
Rental of Facilities and Equipment	1,857,265	2,159,461	(302,196)	(302,196)	(13.99)	Most of the contractors cancelled the lease agreement, so the rental did not materialised as budgeted.
Interest Earned - External investments	29,781,121	23,196,000	6,585,121	6,585,121	28.39	We had received more than anticipated cash at hand.
Interest Earned - Outstanding debtors	5,002,600	4,428,500	574,100	574,100	12.96	Implementation of Discounting revenue not budgeted for.
Fines	10,167,343	11,314,000	(1,146,657)	(1,146,657)	(10.13)	
Licences and Permits	2,538,210	2,638,600	(100,390)	(100,390)	(3.80)	
Income for Agency Services	4,956,426	5,723,000	(766,574)	(766,574)	(13.39)	Due to the decline in the economy car sales are down and licensing fees income decreased.
Government Grants and Subsidies - Operating	78,263,133	82,738,870	(4,475,737)	(4,475,737)	(5.41)	
Government Grants and Subsidies - Capital	7,289,835	-	7,289,835	7,289,835		
Other Income	29,949,500	45,910,600	(15,961,100)	(15,961,100)	(34.77)	The sale of erven and other infrastructure contributions did not materialized due to decline in the economic.
Public Contributions and Donations	-	-	-	-		
Gains on Disposal of Property, Plant and Equipment	681,510	-	681,510	681,510		
Total Revenue	642,421,625	654,206,271	(11,784,646)	(11,784,646)	(1.80)	
EXPENDITURE						
Employee Related Costs	179,166,081	173,402,670	5,763,411	5,763,411	3.32	
Remuneration of Councillors	9,187,603	8,949,968	237,635	237,635	2.66	
Bad Debts	6,770,268	7,764,000	(993,732)	(993,732)	(12.80)	Decrease in the provision of long-term housing debtors.
Collection Costs	4,319,056	4,390,000	(70,944)	(70,944)	(1.62)	
Depreciation and Amortisation	56,995,163	53,817,024	3,178,139	3,178,139	5.91	
Repairs and Maintenance	47,243,854	46,356,364	887,490	887,490	1.91	
Interest Paid	31,749,947	34,751,478	(3,001,531)	(3,001,531)	(8.64)	
Bulk Purchases	119,762,528	124,315,000	(4,552,472)	(4,552,472)	(3.66)	
Contracted Services	45,227,420	46,851,063	(1,623,643)	(1,623,643)	(3.47)	
Grants and Subsidies Paid	41,324,422	46,412,900	(5,088,478)	(5,088,478)	(10.96)	There were less application for assistance for equitable share.
General Expenses	121,597,506	123,394,017	(1,796,511)	(1,796,511)	(1.46)	
Loss on disposal of Property, Plant and Equipment	2,345,382	-	2,345,382	2,345,382		
Interest on Internal Borrowings	4,316,220	-	4,316,220	4,316,220		
Total Expenditure	670,005,452	670,404,484	(399,032)	(399,032)	(0.06)	
NET SURPLUS / (DEFICIT) FOR THE YEAR	(27,583,826)	(16,198,213)	(11,385,613)	(11,385,613)	70.29	

APPENDIX E(2)

GEORGE LOCAL MUNICIPALITY : ACTUAL VERSUS BUDGET

(ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2009

Description	2008/2009 Total Additions	2008/2009 Budget	2008/2009 Variance	2008/2009 Variance	Explanation of Significant Variances
Office of the Municipal Manager	756,583.34	836,987.00	(80,403.66)		The Municipal Manager appealed to the departments to save on their budgets were possible, which resulted in most of the vacant posts not filled. (9.61)
Financial Services	195,119.95	251,000.00	(55,880.05)		The Municipal Manager appealed to the departments to save on their budgets were possible, which resulted in most of the vacant posts not filled. (22.26)
Corporate Services	7,407,239.18	7,631,000.00	(223,760.82)		
			(2.93)		
Planning and Development	5,735,161.89	5,941,500.00	(206,338.11)		
			(3.47)		
Civil and Technicals Services	212,599,137.04	213,144,000.00	(544,862.96)		
			(0.26)		
Community Services	5,745,461.01	5,606,000.00	139,461.01		
			2.49		
Electro-Technical Services	41,355,397.33	41,524,835.00	(169,437.67)		
			(0.41)		
Environmental Affairs	10,506,926.43	11,199,000.00	(692,073.57)		The Rosemore sport pavilion was transferred to the next budget 2009/2010 (6.18)
Grand Total	284,301,026.17	286,134,322.00	(1,833,295.83)	100.64	

**APPENDIX F
GEORGE LOCAL MUNICIPALITY**

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA 56 OF 2003 FOR THE YEAR ENDED 30 JUNE 2009

GRANTS AND SUBSIDIES RECEIVED

NAME OF GRANTS	NAME OF ORIGIN OF STATE OR MUNICIPAL ENTITY	LOAN ID	ALLOCATIONS AS PER DORA	BALANCE BROUGHT FORWARD	QUARTERLY RECEIPTS				BUDGET VOTE	VOTE DESCRIPTION	QUARTERLY EXPENDITURE				GRANTS AND SUBSIDIES DELAYED / WITHHELD	TOTAL
					Sept	Dec	March	June			Sept	Dec	March	June		
NATIONAL GRANTS																
Financial Management Grant (FMG)	Dept. of Local Government		750,000	4,576,377	750,000.00				BUDGET VOTE: 16	FINANCIAL SERVICES/BUDGET OFFICE				1,003,021	0	4,343,356
Municipal Systems Improvement Grant	National Treasury		400,000	45,908	400,000.00				BUDGET VOTE: 1 & 16	DP FINANCIAL SERVICES/STATEMENTS				445,908		0
Municipal Infrastructure Grant (MIG) - Disaster	National Treasury	1891	30,858,000	0			30,858,000		BUDGET VOTE: 10	STREETS AND STORM WATER				24,451,798	0	6,506,264
Municipal Infrastructure Grant (MIG)	Dept. of Local Government	1861	15,356,000	13,057	2,356,000				BUDGET VOTE: 12	WATER PURIFICATION AND WATER DISTRIBUTION				10,389,057	0	0
Flood Damage	National Treasury		0	10,277,842					BUDGET VOTE: 5	HOUSING ADMINISTRATION				10,277,842		0
Integrated National Electrification Programme-Eskom	Dept. of Minerals & Energy	1858	216,000	61,900	100,000				BUDGET VOTE: 13					295,549	0	72,281
TOTAL- NATIONAL GRANTS			47,680,000	15,075,144	3,906,000	100,000	30,858,000	8,418,000			0	0	0	46,833,013	0	10,921,101
PROVINCIAL GRANTS																
Mobility Strategy	Dept. of Transport	1882	10,600,000	8,008,351			10,600,000		BUDGET VOTE: 10	STREETS AND STORM WATER				15,002,384	0	3,655,967
Spatial Development Framework	PAWIC			375,000												
Proclamation Roads	Dept. of Transport	1884	888,000	0		820,461	198,000		BUDGET VOTE: 10	PROCLAIMED ROADS			188,000	820,461	0	375,000
Local Government Masterplanning Grant	Dept. of Housing		813,000				650,000		BUDGET VOTE: 10	STREETS AND STORM WATER						0
Storm Water Master Planning	Ezem District Municipality		350,000					250,000	BUDGET VOTE: 10	STREETS AND STORM WATER						650,000
Housing Consumer Education	Dept. of Housing		400,000	410,925			400,000		BUDGET VOTE: 5	HOUSING ADMINISTRATION				419,050		99,000
Community Development Workers Operational grant	Dept. of Local Government		72,000	42,486		72,000			BUDGET VOTE: 3	CLIENT SERVICES				32,104		391,878
Feasibility study for bulk water supply	Dept. of Water Affairs and Forestry		400,000				400,000		BUDGET VOTE: 12	WATER DISTRIBUTION				400,000		86,382
Library Grant	Dept. of Arts & Culture		756,000		188,986	188,986	377,973		BUDGET VOTE: 12	MAIN LIBRARY				756,946		0
Housing Projects	Dept. of Housing		271,940,000	4,354,320	3,006,065	17,792,707	3,838,000	9,090,610	BUDGET VOTE: 5	HOUSING ADMINISTRATION				38,512,727	0	1,668,975
Asset Register, AMP's and Technical Audit Grant	Dept. of Water Affairs and Forestry		200,000				60,000		BUDGET VOTE: 12	WATER DISTRIBUTION				60,000		0
TOTAL- PROVINCIAL GRANTS			41,653,000	13,191,683	3,195,051	18,674,155	16,593,973	9,440,610			0	0	188,000	53,802,673	0	7,154,200
SUNDY GRANTS																
Wolfsburg Women's Project	PAWIC			411,890											0	411,890
Refugee Transfer Station	Ezem District Municipality	1870		202,116											0	202,116
TOTAL- SUNDY GRANTS				614,006	0	0	0	0			0	0	0	0	0	614,006
GRAND TOTAL			R 89,333,000	R 28,880,203	R 6,701,051	R 18,774,155	R 47,451,973	R 17,556,610			R 0	R 0	R 188,000	R 100,635,686	R 0	R 18,450,326

APPENDIX G
GEORGE LOCAL MUNICIPALITY
FUNDING REGISTER FOR THE YEAR ENDED 30 JUNE 2009

Loan ID	Fund Group	Fund Description	Creditor Name	Purpose	Interest %	Redeemable	R/Fwd.Capital	Received	Redeemed	Interest paid	C/Fwd.Capital	Conditions Met	Available	Asset Book Value
1861	CSRNT	Conditional Grants - National Government	DEPARTMENT OF LOCAL GOVERNMENT	Municipal Infrastructure Grant	0	0	48,236,380.02	10,356,000.00	0.00	0.00	58,592,380.02	58,591,460.02	240,920.00	55,339,900.76
1891	CSRNT	Conditional Grants - National Government	DEPARTMENT OF LOCAL GOVERNMENT	MIG - Disaster Grant	0	0	21,358,485.79	25,375,000.00	0.00	0.00	46,733,485.79	41,317,492.43	5,455,993.36	39,578,542.25
							69,594,865.81	35,731,000.00	0.00	0.00	105,325,865.81	99,898,952.45	5,695,913.36	94,909,443.01
1858	CGROT	Conditional Grants - other sources	DEPARTMENT OF MINERALS & ENERGY	Electrification Fill - in even	0	0	2,571,300.00	216,000.00	0.00	0.00	2,787,300.00	2,715,019.00	72,281.00	2,379,240.40
1870	CGROT	Conditional Grants - other sources	EDEN DISTRIKTMUNISIPALITEIT	Refuse Transfer Station	0	0	1,269,929.76	0.00	0.00	0.00	1,269,929.76	1,086,813.71	202,116.05	977,815.74
1892	CGROT	Conditional Grants - other sources	EDEN DISTRIKTMUNISIPALITEIT	Extension Water Supply	0	0	10,350,000.00	0.00	0.00	0.00	10,350,000.00	10,350,000.00	0.00	9,774,959.36
							14,190,229.76	216,000.00	0.00	0.00	14,406,229.76	14,131,832.71	274,397.05	13,131,414.59
1892	CGRPR	Conditional Grants - Provincial Government	DEPARTMENT OF TRANSPORT	George Mobility Strategy	0	0	40,000,000.00	10,600,000.00	0.00	0.00	50,600,000.00	46,994,033.41	3,605,966.59	46,497,245.58
1894	CGRPR	Conditional Grants - Provincial Government	DEPARTMENT OF TRANSPORT	Proclaimed Roads - Reseal	0	0	12,588,000.00	0.00	0.00	0.00	12,588,000.00	12,588,000.00	0.00	11,092,034.22
1897	CGRPR	Conditional Grants - Provincial Government	PAWC - DEPARTMENT OF HOUSING	Housing Project - Erf 225	0	0	5,194,528.94	15,529,800.00	0.00	0.00	20,715,428.94	20,715,428.94	0.00	20,121,057.46
1888	CGRPR	Conditional Grants - Provincial Government	PAWC - DEPARTMENT OF HOUSING	Housing Project - Touwraan	0	0	4,972,534.75	3,866,000.00	0.00	0.00	8,839,034.75	8,839,034.75	0.00	8,546,250.07
1893	CGRPR	Conditional Grants - Provincial Government	DEPARTMENT OF LOCAL GOVERNMENT	Rehabilitation Gwelling Sower	0	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	55,785.93
							62,755,153.69	29,997,300.00	0.00	0.00	92,742,453.69	89,136,497.10	3,605,966.59	86,271,383.26
		Total Conditional Grants					146,580,259.26	65,834,300.00	0.00	0.00	212,514,559.26	202,837,282.26	9,577,277.00	194,315,240.77
1061	ANN	Annuities	INCA(INFRASTRUCTURE FINANCE CO	Annuity	9	2015/6/30	19,020,788.66	0.00	(2,054,560.16)	1,867,322.49	15,965,228.67	15,965,228.67	0.00	14,501,465.39
1062	ANN	Annuities	DBSA(DEVELOPMENT BANK of SOUTH	Annuity	9.04	2025/1/31	33,579,842.94	0.00	(888,815.66)	3,141,487.33	32,721,027.28	32,721,027.28	0.00	30,364,862.86
1064	ANN	Annuities	ABSA BANK LTD	Annuity	10.5	2016/6/30	15,659,910.43	0.00	(1,337,777.55)	1,698,680.21	14,361,532.88	14,361,532.88	0.00	13,191,024.32
1065	ANN	Annuities	DBSA(DEVELOPMENT BANK of SOUTH	Annuity	9.41	2026/1/31	44,259,775.34	0.00	(1,000,915.66)	4,141,914.11	43,258,859.68	43,258,859.68	0.00	42,889,774.88
1066	ANN	Annuities	DBSA(DEVELOPMENT BANK of SOUTH	Annuity	9.18	2027/6/30	44,838,124.60	0.00	(837,546.17)	4,097,426.49	43,900,578.43	43,900,578.43	0.00	41,273,394.28
1067	ANN	Annuities	DBSA(DEVELOPMENT BANK of SOUTH	Annuity	9.355	2017/6/30	44,358,590.68	0.00	(3,327,224.53)	4,060,945.19	41,031,386.15	41,031,386.15	0.00	43,984,634.46
1068	ANN	Annuities	DBSA(DEVELOPMENT BANK of SOUTH	Annuity	11.21	2016/6/30	35,540,000.00	0.00	(1,516,273.20)	5,203,059.34	37,023,726.80	37,023,726.80	0.00	36,895,355.30
1069	ANN	Annuities	DBSA(DEVELOPMENT BANK of SOUTH	Annuity	11.1	2028/6/30	54,192,000.00	0.00	(1,541,885.86)	5,232,184.27	52,640,114.12	52,640,114.12	0.00	53,757,051.88
1070	ANN	Annuities	DBSA(DEVELOPMENT BANK of SOUTH	Annuity	11.86	2029/6/30	0.00	38,743,000.00	0.00	0.00	38,743,000.00	35,628,454.91	4,114,545.09	35,354,657.65
1071	ANN	Annuities	DBSA(DEVELOPMENT BANK of SOUTH	Annuity	6.75	2024/6/30	0.00	20,000,000.00	0.00	0.00	20,000,000.00	20,000,000.00	0.00	19,834,175.31
1072	ANN	Annuities	DBSA(DEVELOPMENT BANK of SOUTH	Annuity	11.9	2019/6/30	0.00	34,700,000.00	0.00	0.00	34,700,000.00	34,700,000.00	0.00	34,467,499.59
1073	ANN	Annuities	DBSA(DEVELOPMENT BANK of SOUTH	Annuity	6.75	2019/6/30	0.00	13,000,000.00	0.00	0.00	13,000,000.00	13,000,000.00	0.00	12,905,443.54
1083	EFF	External financing fund	INCA(INFRASTRUCTURE FINANCE CO	Annuity	10.07	2016/6/30	15,663,777.34	0.00	(1,354,093.19)	1,544,672.87	14,309,684.15	14,309,684.15	0.00	15,069,921.20
		Total Annuities					310,142,210.19	107,443,000.00	(13,937,492.03)	30,687,656.70	403,647,718.16	399,533,173.07	4,114,545.09	395,246,039.80
1872	CRREL	CRREL CLEANSING INFRASTRUCTURE			0	0	3,875,653.86	2,143,243.00	0.00	0.00	6,018,896.86	5,868,039.17	210,857.69	5,228,815.80
1873	CRREL	CRREL ELECT. INFRASTRUCTURE			0	0	56,446,356.53	10,666,548.00	0.00	0.00	67,114,904.53	66,434,257.25	680,647.28	60,468,308.00
1874	CRPGE	CRP - GENERAL			0	0	76,550,558.83	20,314,937.06	0.00	0.00	96,865,495.89	96,841,404.20	24,091.69	81,108,522.58
1875	CRPPA	CRP - PARKING FACILITIES			0	0	1,572,321.19	2,559,422.00	0.00	0.00	4,131,743.19	4,002,118.98	129,624.21	3,674,393.94
1878	CRPPR	CRP - SALE OF PROPERTY			0	0	39,762,849.88	1,822,805.00	0.00	0.00	41,605,654.98	36,715,190.30	4,890,464.68	33,191,867.61
1876	CRPSE	CRP - SEWERAGE INFRASTRUCTURE			0	0	44,980,158.32	8,222,994.00	0.00	0.00	52,991,152.32	52,991,152.32	0.00	49,033,547.42
1877	CRPWA	CRP - WATER INFRASTRUCTURE			0	0	54,622,812.12	15,805,467.00	0.00	0.00	70,428,279.12	69,749,945.96	678,333.16	65,564,702.00
		Total Capital Replacement Reserve					277,830,810.63	61,541,436.06	0.00	0.00	339,372,246.69	332,542,630.87	6,829,616.02	298,265,156.75
		Total Funding					734,553,280.28	234,915,736.06	(13,937,492.03)	30,687,656.70	955,534,524.31	935,013,086.20	20,521,438.11	867,829,437.32

APPENDIX H

GEORGE LOCAL MUNICIPALITY

ANALYSIS OF LONG TERM DEBTORS FOR THE YEAR ENDED 30 JUNE 2009

	SHORT TERM PORTION	2009 R	2008 R
Housing Loans	R 312,521	8,585,508	9,538,822
Public Organisations and Individuals	170,885	2,853,710	3,023,945
Selling Schemes	141,635	5,731,798	6,514,877
Loans to Organisations (Section 185 (A) of Ord. 20/1974)	33,926	677,103	746,247
George Golf Club	25,808	626,751	680,206
George Riding Club	6,373	1,906	14,172
George Sports Club	187	195	561
Outeniqua Bowling Club	1,558	48,252	51,308
Sale of Property	122,132	451,766	852,545
Computer Loans (Personnel)	0	0	10,371
Actaris Meter Costs	431,166	431,166	3,519,286
	R 899,745	R 10,145,543	R 14,667,271
Less: Short Term Portion		(899,745)	(5,658,625)
external2006		R 9,245,799	R 9,008,646

~ Senior Management

APPENDIX I

GEORGE LOCAL MUNICIPALITY : STATISTICAL INFORMATION FOR THE YEAR ENDED 30 JUNE 2009

1 General Statistics	2008/2009	2007/2008	2006/2007	2005/2006	2004/2005	2003/2004
	GEORGE					
1.1 Population	185,000	173,000	165,000	160,000	155,000	153,000
1.2 Valuation - Taxable Land	R 5,382,616,724	R 3,265,611,840	R 3,143,675,610	R 3,052,517,260	R 2,907,926,242	R 2,669,363,252
1.3 Valuation - Taxable Buildings	R 29,195,274,226	R 6,123,246,350	R 5,909,745,350	R 5,711,891,500	R 5,375,130,900	R 5,266,001,960
1.4 Valuation - Non Taxable Land	R 678,583,340	R 187,933,300	R 189,766,300	R 189,678,578	R 187,527,000	R 187,834,100
1.5 Valuation - Non Taxable Buildings	R 652,979,500	R 108,020,500	R 111,598,000	R 110,848,000	R 98,737,000	R 92,444,000
1.6 Valuation - Residential Land George	R 2,229,649,370	R 1,303,815,070	R 1,275,819,700	R 1,209,834,800	R 1,114,497,962	R 1,073,015,062
1.7 Valuation - Residential Buildings George	R 15,591,805,295	R 3,265,763,650	R 261,291,400	R 3,188,417,400	R 3,122,383,400	R 3,090,058,900
1.8 Valuation - Commercial Land George	R 154,713,500	R 459,562,400	R 384,688,600	R 403,692,600	R 395,972,000	R 382,393,000
1.9 Valuation - Commercial Buildings George	R 3,235,675,970	R 1,204,956,350	R 1,069,659,000	R 1,104,045,600	R 1,096,132,400	R 1,046,922,000
1.10 Valuation - Industrial Land George	R 115,318,970	R 82,285,000	R 77,228,000	R 77,686,000	R 77,869,000	R 77,721,000
1.11 Valuation - Industrial Buildings George	R 1,357,437,500	R 308,939,000	R 304,385,000	R 301,084,000	R 290,386,000	R 271,804,000
1.12 Valuation - Land - State (Domestic)- George	R 17,645,000	-	-	-	-	-
1.13 Valuation - Buildings - State (Domestic) George	R 34,960,000	-	-	-	-	-
1.14 Valuation - Land - State Erven & Schools- George	R 149,132,000	-	-	-	-	-
1.15 Valuation - Buildings - State Erven & Schools- George	R 928,740,000	-	-	-	-	-
1.16 Valuation - Commercial Land W/Ness	R 66,347,000	R 6,674,000	R 35,439,100	R 7,745,000	R 13,955,000	R 19,058,000
1.17 Valuation - Commercial Buildings W/Ness	R 408,880,150	R 1,691,000	R 52,057,000	R 2,205,000	R 5,816,200	R 27,045,200
1.18 Valuation - Residential Land W/Ness	R 1,331,202,330	R 688,307,600	R 655,998,500	R 635,156,150	R 415,448,200	R 406,308,200
1.19 Valuation - Residential Buildings W/Ness	R 3,793,884,500	R 752,988,110	R 695,354,710	R 592,301,710	R 450,550,110	R 430,594,570
1.20 Valuation - Land - State Erven & Schools- Wilderness	R 31,640,000	-	-	-	-	-
1.21 Valuation - Buildings - State Erven & Schools- Wilderness	R 12,322,000	-	-	-	-	-
1.22 Valuation - Residential Land - Small Holdings	R 137,353,474	R 99,932,500	R 99,298,000	R 97,549,000	R 97,928,000	R 97,835,000
1.23 Valuation - Residential Buildings - Small Holdings	R 567,575,750	R 81,705,240	R 79,497,840	R 75,487,390	R 75,597,790	R 74,384,290
1.24 Valuation - Commercial Land - Small Holdings	R 1,040,000	R 440,000	R 1,017,000	R 995,000	R 811,000	R 817,000
1.25 Valuation - Commercial Buildings - Small Holdings	R 58,413,500	R 2,473,000	R 4,032,400	R 4,024,400	R 2,851,000	R 3,778,000
1.26 Valuation - Land - State Erven & Schools- Small Holdings	R 0	-	-	-	-	-
1.27 Valuation - Buildings - State Erven & Schools- Small Holdings	R 1,515,000	-	-	-	-	-
1.28 Valuation - Residential land - Rural Areas	R 1,035,292,990	R 506,807,330	R 550,291,500	R 523,153,500	R 637,406,970	R 452,124,980
1.29 Valuation - Residential buildings - Rural Areas	R 1,918,072,912	R 191,944,000	R 193,949,000	R 194,111,000	R 205,304,000	R 189,762,000
1.30 Valuation - Commercial land - Rural Areas	R 64,889,100	R 117,787,940	R 63,896,210	R 96,705,210	R 154,238,110	R 160,091,010
1.31 Valuation - Commercial buildings - Rural Areas	R 1,229,811,768	R 312,786,000	R 249,519,000	R 250,215,000	R 126,010,000	R 131,653,000
1.32 Valuation - Land - State Erven & Schools- Rural Areas	R 48,392,990	-	-	-	-	-
1.33 Valuation - Buildings - State Erven & Schools- Rural Areas	R 56,179,881	-	-	-	-	-
1.34 Valuation - Industrial Land - Rural Areas	0	0	0	0	0	0
1.35 Valuation - Industrial buildings - Rural Areas	0	0	0	0	0	0
1.36 Number of Residential Properties George	31,779	29,740	28,774	28,354	27,632	25,348
1.37 Number of Commercial Properties George	1,283	1,071	880	897	855	826
1.38 Number of Industrial Properties George	498	429	403	398	388	382
1.39 Number of Residential Properties W/Ness	2,788	2,558	2,561	2,406	2,065	2,083
1.40 Number of Commercial Properties W/Ness	315	114	63	19	45	36
1.41 Number of Industrial Properties W/Ness	0	0	0	0	0	0
1.42 No of Residential Properties Small Holdings	659	657	675	664	657	645
1.43 No of Commercial Properties Small Holdings	31	29	7	7	7	6
1.44 No of Industrial Properties Small Holdings	0	0	0	0	0	0
1.45 No of Residential properties - Rural Areas	1,313	1,390	1,395	1,372	1,569	1,369
1.46 No of Commercial Properties - Rural Areas	160	163	131	150	210	196
1.47 No of Industrial Properties - Rural Areas	0	0	0	0	0	0
1.48 Number of Other Properties - exemption	2,208	2,263	2,273	2,289	2,429	2,336
1.49 Assessment Rates - Land C/R George	0.3670	1.8164	1.6976	2	1.4862	1.3976
1.50 Assessment Rates - Buildings C/R George	0.3670	0.9991	0.9337	0.8726	0.8174	0.7686
1.51 Assessment Rates - Land C/R W/Ness	0.3487	1.7256	1.6127	2	1.3376	1.2578
1.52 Assessment Rates - Buildings C/R W/Ness	0.3487	0.9491	0.8870	0.829	0.7357	0.6917
1.53 Assessment Rates - Land C/R Small Holdings	0.3303	1.6348	1.5278	1.4279	1.1889	1.1180
1.54 Assessment Rates - Buildings C/R Small Holdings	0.3303	0.8992	0.8403	0.7853	0.6539	0.6149
1.55 Assessment Rates - Land C/R - Rural Areas	0.3670	1.8164	1.6976	1.5865	1.4862	1.3975
1.56 Assessment Rates - Buildings C/R - Rural Areas	0.3670	0.9991	0.9337	0.8726	0.8174	0.7686
1.57 Number of Employees - Salaries	979	1,046	995	937	851	806

Note : Items 1.6 to 1.15 represents a further analysis of items 1.2 and 1.3 above.

2(A) Electricity Statistics (Credit Meters)	2008/2009	2007/2008	2006/2007	2005/2006	2004/2005	2003/2004
	GEORGE					
2.1 Total Number of Users (Res & Com)	40,800	40,600	39,600	3,757	3,978	5,550
2.2 Units Bought / Generated	468,209,864	469,999,071	458,659,000	430,765,281	399,321,562	386,398,710
2.3 Units Sold	443,950,113	453,166,510	402,033,200	384,688,450	357,585,731	364,248,387
2.4 Units Lost in Distribution (2.2 - 2.3)	24,259,751	16,832,561	56,625,800	46,076,831	41,735,831	22,150,323
2.5 Units Lost in Distribution as % of 2.2	5.46%	3.7%	12.3%	10.70%	10.45%	5.73%
2.6 Cost Per Unit Bought / Generated	25c	18c	20c	18c	16c	15c
2.7 Loss in Distribution (2.4 x 2.6)	6,064,937	3,029,880	11,325,160	7,372,292	6,677,733	3,322,548
2.8 Cost Per Unit Sold (Oper Exp / 2.3)	41c	32c	30c	31c	29c	28c
2.9 Income Per Unit Sold (Oper Inc / 2.3)	53c	45c	43c	42c	38c	33c
2.10 Total Expenditure	186,138,204	146,552,236	119,774,806	119,920,378	106,475,459	105,511,265
2.11 Total Income	237,927,353	203,930,416	172,948,877	160,777,388	138,203,876	120,959,151
2.12 Total Cost of Bulk Purchases	119,684,294			70,429,849	64,905,242	61,564,981

* Only permanent employees

2(B) Electricity Statistics (Pre-Paid Meters)	2008/2009	2007/2008	2006/2007	2005/2006	2004/2005	2003/2004
	GEORGE					
Active RDP's/Meters	34,728	34,206	33,275	31,803	31,032	29,460
Total Sales						
Electricity	R 101,858,041.00	R 76,857,610.36	R 67,588,204.03	R 59,370,253.08	R 51,946,363.57	R 44,004,257.63
VAT	R 14,260,894.00	R 10,760,494.11	R 9,462,637.44	R 8,312,387.51	R 7,272,998.33	R 6,244,972.38
Auxiliaries	R 708,242.00	R 926,779.18	R 990,345.63	R 1,177,429.03	R 1,146,197.53	R 1,313,401.34
Subtotal (Pre-Payment) - Including VAT	R 116,827,177.00	R 88,544,883.65	R 78,041,187.10	R 68,860,069.62	R 60,365,559.43	R 51,562,631.35
Service Payments	R 10,040,202.00	R 202,451,226.57	R 241,701,646.34	R 219,822,178.93	R 193,587,520.81	R 119,674,225.91
Vote Payments	R 138,935.00	R 458,085,449.50	R 473,856,404.65	R 206,942,303.28	R 278,076,857.48	R 453,412,409.82
Deposits	R 200.00					
Prepayment Service	R 674,031.00					
Total Including VAT	R 127,680,545.00	R 749,081,559.72	R 793,599,238.09	R 495,624,551.83	R 532,029,937.72	R 624,649,267.08
Total BSST Sales Journals	R 5,209,414.00	R 3,987,879.97	R 3,186,391.52	R 3,186,391.52	R 2,938,032.39	R 2,283,022.34
% Auxiliaries of Total (PP Electricity) Revenue	1.00%	1.05%	1.26%	1.71%	1.94%	2.55%
Total KWH Energy Dispensed						
Resource (KWH)	178,701,341.00	178,007,585.20	164,737,218.40	155,312,261.30	143,318,828.00	132,082,377.10
BSST	9,973,160.00	9,530,040.00	8,964,030.00	8,656,810.00	7,807,340.00	5,417,220.00
Free Issues	1,077,220.00	624,427.20	445,589.70	241,584.40	233,880.40	189,593.00
Total	189,751,721.00	188,162,052.40	174,146,838.10	164,210,655.70	151,360,048.40	137,689,190.10
Transaction Total Summary						
Resource (KWH)	2,337,219.00	2,079,633.00	2,026,817.00	2,099,341.00	2,008,837.00	1,804,852.00
BSST (excluding duplicates)	352,945.00	347,949.00	338,260.00	331,753.00	319,266.00	276,523.00
Service Payments	19,266.00	134,420.00	164,038.00	333,082.00	173,339.00	138,708.00
Vote Payments	16,074.00	44,736.00	75,170.00	54,639.00	50,721.00	33,437.00
Free Issues	4,586.00	3,463.00	2,173.00	1,143.00	1,067.00	1,027.00
Average KWH units resource per transactions	76.46	85.73	81.41	74.17	71.36	73.30
Average revenue per resource transaction	43.58	37.02	33.41	28.41	25.87	28.72
Average consumption (Kwh) / Active consumer	546.38	464.85	443.85	393.23	386.40	381.29
Total New Meters on SMS	683.00	888.00		1,033.00	1,642.00	2,620.00
Total Meter Replacements on SMS	4,094.00	4,394.00		1,936.00	1,149.00	1,000.00

3 Water Statistics	2008/2009	2007/2008	2006/2007	2005/2006	2004/2005	2003/2004
	GEORGE					
3.1 Total Number of Users (Res & Com)	39,367	33,520	26,985	25,860	22,690	20,233
3.2 Units Bought / Purified	12,316,122	12,092,647	10,357,514	9,850,717	9,571,290	9,996,884
3.3 Units Sold	11,372,471	11,211,266	10,962,090	9,796,928	9,087,214	9,012,539
3.4 Units Lost in Distribution (3.2 - 3.3)	943,651	881,381	604,576	53,789	484,076	984,345
3.5 Units Lost in Distribution as % of 3.2	7.66%	7.29%	5.84%	0.55%	5.06%	9.85%
3.6 Cost Per Unit Bought / Purified	R 2.22	R 1.69	R 1.71	R 1.54	R 1.43	R 0.98
3.7 Loss in Distribution (3.4 x 3.6)	R 2,094,905	R 1,371,234	R 1,033,825	R 82,835	R 692,229	R 961,446
3.8 Cost Per Unit Sold (Oper Exp / 3.3)	R 4.48	R 4.05	R 3.49	R 3.46	R 3.69	R 3.34
3.9 Income Per Unit Sold (Oper Inc / 3.3)	R 5.87	R 5.62	R 5.63	R 6.62	R 4.41	R 3.86
3.10 Total Expenditure	R 50,983,441	R 45,427,668	R 38,242,248	R 33,901,879	R 33,492,633	R 30,095,155
3.11 Total Income	R 66,780,731	R 62,995,343	R 61,701,322	R 64,887,875	R 40,055,233	R 34,798,101
3.12 Total Cost of Water Purification	R 27,312,654	R 20,423,507	R 17,608,967	R 15,190,616	R 13,719,723	R 9,764,329

4 Housing Statistics	2008/2009	2007/2008	2006/2007	2005/2006	2004/2005	2003/2004
	GEORGE					
4.1 Rental + Selling Scheme Stock	103	108	107	143	832	1,150
4.2 Subsidy Houses Completed	130	211	49	293	438	1,147
4.3 Number of people Accommodated @ factor of 4.5 persons/house	0	0	0	0	0	0
4.4 Waiting list	15,132	11,955	11,109	12,480	9,600	12,000
4.5 Application submitted for Subsidy Houses	0	338	485	750	1,945	1,701

5 Sundry Statistics	2008/2009	2007/2008	2006/2007	2005/2006	2004/2005	2003/2004
	GEORGE					
5.1 Municipal Area - Square Km	1,075	1,075	1,075	1,075	1,075	1,070
5.2 Previous Election - No Reg Voters	68,368	68,368	68,362	68,362	55,291	55,291
5.3 Previous Election - Percentage Poll	54.5%	54.5%	54.5%	54.5%	53.7%	53.7%
5.4 Fire Service/Ambulance - Stations	1	1	1	1	1	1
* 5.5 Fire Service/Ambulance - Employees	31	31	21	21	18	13
5.6 Bldg Survey - No Bldg Plans Passed	735	996	1,486	1,998	1,270	1,495
5.7 Bldg Survey - Value Bldg Plans Passed	465,678,830	904,018,616	684,700,252	757,904,324	516,828,991	453,786,011
5.8 Bldg Survey - Inspections Performed	2,546	3,873	4,857	5,726	4,990	4,897
5.9 Parks & Recreation - No developed Parks	56	54	54	56	50	59
5.10 Parks & Recreation - No Swimming Pools	1	1	1	0	0	0
~ 5.11 Parks & Recreation - No Tennis Courts	19	19	19	19	19	19
5.12 Motor Vehicle Registry - Licences Issued	89,309	92,881	87,599	83,925	75,152	70,013
5.13 Sundry - Licences Issued	4,483	1,490	1,255	1,071	1,213	750
* 5.14 Total Personnel In Service Of The Council	979	1,046	995	937	851	806
5.15 Library - Books Issued	732,585	681,411	701,526	758,319	831,116	835,367
5.16 Refuse Removal/Dumped - Tonnage fyr	42,000	42,000	39,000	37,000	35,000	33,500
5.17 Roads - Total Length Of Constructed Rd's	520	515	503	490	475	460
5.18 Roads - Constructed/Repaired In Year	40	8	15	13	15	10
5.19 Property Transaction - Value	1,300,967,071	426,525,044	1,298,985,409	1,275,595,317	1,548,716,214	622,353,556
5.20 Property Transaction - Quantity	2,254	750	1,520	1,414	2,843	1,083

* Only permanent employees

g:\roos\State\book2007.xls)

~ George Sports Club = 7
Rosemoor Sports Club = 6
Pacaltsdorp Sports Club = 3
Denneoord = 2
Thembalethu Sports Club = 1

APPENDIX J : RECONCILIATION OF COMPARATIVE AMOUNTS

STATEMENT OF FINANCIAL POSITION

	AFS note reference	Property, plant and equipment	Intangible assets	Inventory	Other receivables	Employee benefits (non-current)	Non-current provisions	Trade and other payables	Unspent Conditional Grants	Employee benefits (current)	Provisions	Operating lease liability	VAT	Accumulated surplus
Amounts reported previously		812,788,503	6,568,601	19,799,539	20,387,711	(57,038,223)	(5,394,005)	(56,708,822)	(28,380,881)	0	(778,769)	(70,021)	10,851,982	(454,578,925)
Land not previously recognised as property, plant and equipment	38	607,705,067												(607,705,067)
Valuation roll costs of 2007 expensed	38		(1,515,102)											1,515,102
Valuation roll costs of 2008 expensed	38		(1,126,531)											
Annual licence fees previously capitalised now expensed			(976,196)											
Reversal of accumulated amortisation on annual licence fees expensed			635,331											
Land not previously recognised as inventory	38			289,175,738										(289,175,738)
Development cost previously capitalised included in value of land not recognised as inventory	38			(2,227,415)										2,227,415
Correction of unit cost of purified water	38			46,270										(46,270)
Reversal of raw water inventory previously recognised	38			(6,488,000)										
Discounting of revenue using an Imputed Interest rate	38													
Prepayment in respect of annual licence fees	14				340,857		(5,394,005)							
Long service leave awards reclassified from non-current provisions to employee benefits	14													
Staff leave reclassified from creditors to current employee benefits	14							12,088,117		(12,088,112)		70,021		
Operating lease liabilities reclassified to trade and other payables	17							(70,021)		(778,769)	778,769			
Performance bonuses reclassified from provisions to current employee benefits	14													
Decrease in accumulated surplus - discounting of June 2007 trade receivables														
Defined benefit costs incurred relating to periods prior to 2008	38							499,322	(499,322)				(2,514,283)	55,944,470
VAT provided on impairment losses reversed														
Reclassification of unspent conditional grant														
Net adjustments to accumulated surplus per the Statement of Financial Performance		1,450,493,570	3,586,113	310,306,132	20,928,568	(62,432,228)	0	(44,191,041)	(28,880,203)	(12,965,881)	(0)	(0)	8,337,689	(1,354,122,689)
Restated amounts														

STATEMENT OF FINANCIAL PERFORMANCE

	AFS note reference	Interest earned external investments	Interest earned outstanding debtors	Employee related costs and social contributions	Depreciation and amortisation	Interest paid	Interest on internal borrowings	Finance cost	Contracted services	General expenses	Impairment losses	Finance income	Accumulated surplus
Amounts reported previously		(36,249,860)	(5,081,958)	205,562,015	40,366,728	22,483,770	4,853,919		32,325,209	95,820,287	2,239,261	(41,331,817)	0
Reporting interest earned as finance income		36,249,860	5,081,958										0
Reporting interest paid as finance cost						(22,483,770)	(4,853,919)	27,337,689					0
Discounting of 2008 revenue using an Imputed Interest rate													0
Increase in finance income relating to the discounting of June 2007 trade receivables	38												
Reduction in finance income relating to the discounting of June 2008 trade receivables	38												
Defined benefit costs incurred relating to periods prior to 2008	38			(55,944,470)									55,944,470
Reversal of accumulated amortisation on annual licence fees expensed				(635,331)						635,331			0
Valuation roll costs of 2008 expensed	38								1,126,531				(1,126,531)
VAT provided on impairment losses reversed											2,514,283		(2,514,283)
Net adjustments to surplus for the year transferred to Statement of Financial Position		0	0	149,617,546	39,731,387	0	(0)	27,337,689	33,451,740	95,455,628	4,759,544	(41,331,817)	(52,303,656)
Restated amounts													(0)

APPENDIX K: ACCOUNTS RENAMED AND RECLASSIFICATION OF 2008 AMOUNTS

The introduction of the 17 new GRAP Standards, approved by the Minister of Finance on 9 May 2008 per Government Gazette 31021, necessitated certain existing accounts to be renamed and certain amounts to be reclassified.

The account descriptions that were changed are:

OLD DESCRIPTION	NEW DESCRIPTION
Non-Current Assets Long-term receivables	Loans and receivables
Current Assets Consumer debtors Other debtors Current portion of long-term receivables	Trade receivables from exchange and non-exchange transactions Other receivables from exchange transactions Loans and receivables
Non-Current Liabilities Long-term liabilities Retirement benefit liabilities	Loans and borrowings Employee benefits
Current Liabilities Creditors	Trade and other payables from exchange transactions
Income Interest earned Income for agency services	Finance income Agency commission
Expenditure Interest paid	Finance cost
Notes to the financial statements Provision for impairment	Impairment allowance

The following items were reclassified:

ITEM	OLD CLASSIFICATION	NEW CLASSIFICATION
Long service leave awards	Non-current provisions	Employee benefits
Performance bonus	Provisions	Employee benefits
Staff leave	Creditors	Employee benefits
Straight-lining of operating leases - liability	Operating lease liability	Trade and other payables from exchange transactions

APPENDIX L : INVESTMENT PROPERTY

The following items of land, currently included under property, plant and equipment will be transferred to investment property once the sub-division thereof have been registered:

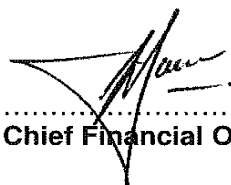
- ▶ Riding club
- ▶ Mini golf course
- ▶ Crocodile farm
- ▶ Stand adjacent to Golden Harvest
- ▶ Property adjacent to Garden Route Dam

APPENDIX M: APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The Annual Financial Statements set out on pages 1 to 84 were authorised by the Municipal Manager and the Chief Financial Officer on 23 September 2009 and signed by them.



.....
Municipal Manager



.....
Chief Financial Officer

COMMENT ON THE AUDIT REPORT AND OF CORRECTIVE ACTION TAKEN

A. PURPOSE

To consider the report of the Auditor-General (AG) on the Financial Statements of the George Municipality for the financial year ended 30 June 2009.

B. BACKGROUND

The financial statements of the George Municipality for the year ended 30 June 2009 have been audited by the Auditor-General in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 4 of the Public Audit Act, 2004 (Act No.25 of 2004) and section 126(3) of the Municipal Finance Management Act (Act No.56 of 2003) (MFMA).

The audit report is attached marked annexure “A” to the agenda.

B1. ADDRESSING THE 2007/8 QUALIFICATIONS

Since George Municipality received a qualified audit report for 2007/8 an immense effort and volumes of preparation were invested in the processes and procedures involved in compiling the financial statements for the 2008/9 financial year!

The main objective for the preparation of the 2008/09 financial statements was to be in compliance with the Standards of Generally Recognised Accounting Practices (GRAP).

The Minister of Finance has, in terms of General Notice 552 of 2007, exempted compliance with certain of the abovementioned standards and aspects or parts of these standards for the 2007/8 financial year but not for the 2008/9 financial year for the High Capacity municipalities.

All GRAP Standards therefore had to be complied with by the Municipality for the 2008/9 financial year.

This resulted in an enormous task for the financial administration as many of the standards that had to be complied with resulted in changes that had to be effected as early as with the preparation of the 2008/9 budgets.

The actual unbundling of the infrastructural assets and the immovable assets and the inclusion of the detailed assets into the Fixed Asset Register (FAR) proved to be an enormous task as nearly 3000 assets were unbundled to more than 50000!

The other qualification regarding the disclosure of Employee benefits in multiple financial years and not in a single financial year was corrected retrospectively in 2008/09.

C. MOTIVATION

The implementation of all the new financial standards proofed to be an extremely cumbersome and frustrating process!!

The implementation of some of the standards involved a vast amount of time and effort from management's side and most of the time not to the satisfaction of the Auditor General (AG). Any implementation of a new standard had to be undertaken not only for the 2008/09 financial year but also for the previous 2007/08 financial year as well.

The AG appointed the company Deloitte to conduct the audit for 2008/09.

The audit for 2008/09 was tremendously cumbersome for the administration mainly due to the lack of sufficient number of dedicated staff available as well as the amount of communication of audit findings that were received from the auditors on which the administration had to respond.

The following comments are rendered on the aspects mentioned in the report:

C1. BASIS FOR QUALIFIED OPINION

C.1.1 GOVERNMENT GRANTS, SUBSIDIES AND DEFERRED REVENUE

Paragraphs 8 to 10: GRAP 23 implementation issues:

The municipality applied the IAS 20 financial standard for 2007/8 and since the GRAP 23 standard has not been officially approved by the National Treasury did not apply another standard.

Management responded as follows:

IAS 20 was used as the reporting framework in 2007/8 and subsequently in 2008/9 due to the fact that no GRAP Standard existed and this was acceptable to the auditors last year. We do not want to argue the merits of GRAP 23 versus IAS 20, but the lack of clear guidance given the fact that GRAP 23 is not effective. We cannot apply a reporting framework based on frequently asked questions.

The ASB in their directive 5 – Determining the GRAP Reporting Framework under the heading Pronouncements of the BOARD on page 5, paragraph 10 and 11 states that entities are only permitted to adopt a Standard of GRAP as part of their reporting framework when an effective date has been determined and then refers to paragraph 29 on page 6. Paragraph 29 clearly states that “an entity may select to apply the principles established in that standard” and does not say “must apply”.

In the responses to comments received on directive 5 (ED54) the Auditor-General under comment 29 also states that “IAS 20 Accounting for Government Grants and Disclosure of Government assistance should be included in the table in the absence of an effective date for GRAP 23 on Non-exchange revenue. We concur with the comment of the Office of the Accountant-General – “We are concerned with the scoping out of IAS 20 for public entities as well as for municipalities and their entities. We accept that there are inconsistencies between IAS 20 and GRAP 23, and agree that GRAP 23 is superior standard however an interim arrangement is required until GRAP 23 becomes effective”.

Due to changes made to the financial system to accommodate IAS 20 we will not be able to apply the principles of GRAP 23 at such a short notice. We will start with the preparation to implement GRAP 23.

C1.2 PROPERTY, PLANT AND EQUIPMENT

Paragraphs 11 to 13: GRAP 17 implementation issues:

As predicted by various role players within local government the implementation of all the stipulations of the GRAP 17 standards will prove problematic - firstly due to the complexity of the standard and secondly due to the rigid manner in which the AG approached the audit.

This was in fact mentioned to the AG at the time of their visit to George Municipality.

It is therefore management's prerogative to disagree with the findings of the AG and management's responses are included on some of the issues raised.

We take note of your audit finding, but do not agree with all the facts stated.

GM management engaged in various GRAP 17 discussions with different role players during the past 2 or more years to consider the following:

- ***The main technical requirement of GRAP 17;***
- ***The practicability aspect to comply to the letter with the requirements of GRAP 17 in respect of infrastructural assets;***
- ***The different options to give effect to the component approach for infrastructure assets:***
 - ***Componentise GM cost based on Africon analysis***
 - ***Matching Africon analysis to Samras detail***
 - ***Componentise based on the detail cost records of last 5 years***
- ***The level of componentisation;***
- ***The historical cost as proxy for Depreciated Replacement Costs (DRC);***
- ***The advantage and disadvantages of the approaches available.***

During July 2009 GM management had to make a decision regarding PPE and Land & Building assets to proceed with the process to compile Annual Financial Statements.

Management decided that the global assets should be unbundled, the Aurecon assets to be brought onto the fixed asset register and that a proportional allocation of the historical cost and accumulated depreciation be performed.

It is correct that the above reconciliation was not performed on an individual assets basis but, it was performed per sub-asset category.

It is important to note that every asset that was acquired, although globally in some cases, can be traced back to invoices and a capital budget.

Apart from the global assets that were split into Africon assets, no assets were identified which were not originally recognised in the fixed asset register and therefore a fair value adjustment was not applicable.

It is noted that there are short-comings in the process followed but management took the view to:

- ***Assess what we have***
- ***Implement what we have***
- ***Refine as we go forward into the future***

By using the historical cost approach, no cost, funding source information and historical data were lost. The unbundling process also had no major effect on the budgeted depreciation expenditure.

Additions made subsequent to the unbundling exercise were broken down to logical levels and lifespan. George Municipality is on an ongoing basis busy with refining the asset register as assets are written out and replaced with new assets.

This matter will receive further attention during the current financial year.

C1.3 CASH AND CASH EQUIVALENTS

Paragraph 14: GRAP 2 Trade Receivables:

Management responded as follows on the audit finding:

We do not agree with your audit finding as the amount of R6 948 343 represents prepaid electricity transactions processed through Itron (Actaris) vending cashiers.

This amount is disclosed as “outstanding deposits” which is a valid reconciling item as the transactions were already processed in the general ledger as revenue – sale of electricity, but the deposit in the bank account is still outstanding as at 30 June 2009.

This practice has been followed during the past years and will be rectified in future years.

To render a qualification on this matter seems unreasonable to management.

C2. QUALIFIED OPINION

Taking the specific aspects mentioned by the Auditor-General in the report that warranted a qualified opinion into consideration, it remains the opinion of management that these technical aspects have no impact on the fact that the municipality can be regarded as

a going concern and that these aspects have no influence on the financial results achieved for 2008/9.

C3. EMPHASIS OF MATTERS

C3.1 Fruitless and wasteful expenditure:

Paragraph 16:

Management included a disclosure in note 49 to the financial statements regarding this issue on request of the AG.

Management indicated to the AG that Council still has to resolve on this issue and that the total amount as mentioned in the report may not be regarded as fruitless and wasteful expenditure depending on the decision by Council on the way forward with this specific process.

C3.2 Material under spending of the budget:

Paragraph 17:

The audit finding is noted by management and the AG was informed of the reason for the comparison with the adjustment budget figures in the section 71 reports.

C3.3 Events after the reporting date:

Paragraph 18: Drought relief:

The allocation of R15 million to the Municipality by the National Treasury should only be noted.

Paragraph 19: Suspension of Audit Committee Chairperson by Council:

To be noted.

C3.4 Restatement of corresponding figures:

Paragraph 20:

The errors that are referred to are due to the application of different financial standards in 2007/08 which were retrospectively adjusted during 2008/09 in the financial statements.

C3.5 Casting errors in the financial statements:

Paragraph 21:

Immaterial and only to be noted.

C4. OTHER MATTERS

C4.1 Paragraphs 22 to 26:

No additional comments.

C4.2 Key governance responsibilities

(a) Paragraph 27:

Comments are only rendered on the aspects where according to the AG the implementation of certain key governance responsibilities was not sufficient:

No	Matter	Y	N
Clear trail of supporting documentation that is easily available and provided in a timely manner			
1.	No significant difficulties were experienced during the audit concerning delays or the availability of requested information. COMMENTS: The AG followed a completely different work procedure as in previous years and some of the information was not requested in the same format as previously.		■
Quality of financial statements and related management information			
2.	The financial statements were not subject to any material amendments resulting from the audit. COMMENTS: This was mainly due to the interpretation by the municipality and the AG that differed.		■
3.	The annual report was submitted for consideration prior to the tabling of the auditor's report. COMMENTS: Administration is not compelled by the MFMA to submit the Annual Report before February 2010.		■

No	Matter	Y	N
Timeliness of financial statements and management information			
4.	<p>The annual financial statements were submitted for auditing as per the legislated deadlines in section 126 of the MFMA.</p> <p>COMMENTS: This aspect was reported to Council previously as required by the MFMA.</p>		■
Availability of key officials during audit			
5.	<p>Key officials were available throughout the audit process.</p> <p>COMMENTS: The finding is supported but only for the period up to the completion of the statements.</p>		■
Development and compliance with risk management, effective internal control and governance practices			
8.	<p>There are no significant deficiencies in the design and implementation of internal control in respect of financial and risk management.</p> <p>COMMENTS: Finding is not supported. AG was sufficiently supplied with relevant information.</p>		■
10.	<p>The information systems were appropriate to facilitate the preparation of the financial statements.</p> <p>COMMENTS: Due to all the changes to the financial standards some aspects as detailed in the standards as well as the volume of transactions will have to be addressed in future.</p>		■
11.	<p>A risk assessment was conducted on a regular basis and a risk management strategy, which includes a fraud prevention plan, is documented and used as set out in section 62(1)(c)(i) of the MFMA.</p> <p>COMMENTS: Finding is not supported. AG was sufficiently supplied with relevant information.</p>		■
Follow-up of audit findings			
13.	<p>The prior year audit findings have been substantially addressed.</p> <p>COMMENTS: This was mainly due to the interpretation by the municipality and the AG that differed.</p>		■

No	Matter	Y	N
Issues relating to the reporting of performance information			
15.	The information systems were appropriate to facilitate the preparation of a performance report that is accurate and complete. COMMENTS: Matter will be addressed.		■
16.	Adequate control processes and procedures are designed and implemented to ensure the accuracy and completeness of reported performance information. COMMENTS: Matter will be addressed.		■

(b) Paragraphs 28 to 34:

The audit opinions expressed in these paragraphs are noted by management and will be addressed.

C5. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

C5.1 FINDINGS ON PERFORMANCE INFORMATION)

(a) Paragraphs 40 to 43: Non-compliance with regulatory requirements

The municipality submitted relevant responses to all this audit findings and will have to re-evaluate current plans, procedures, mechanisms, and reporting to address these issues to the satisfaction of the AG.

(b) Paragraph 44: Performance information not received in time

It was pointed out to the AG by management that at the time of their request the information requested was not the final information due to the corrections that still had to be incorporated in the financial statements. It was also pointed out that the performance indicators in their final format will be included into the Annual Report for 2008/9

D CONCLUSION

This report is definitely not to the satisfaction of management and serious attention will have to be awarded to the issues raised by the AG.

The AG mentioned the following in paragraph 33:

The next few years will pose greater challenges for the municipality with the ongoing transition to full compliance with the Standards of GRAP and the implementation of additional, approved Standards of GRAP. In order to deal with the prevalence of material misstatements in financial statements that have to be corrected during the audit, the municipality needs to:

- develop a strategy to improve financial management controls relating to compliance with accounting standards and reconciliation and maintenance of underlying accounting records, in order to produce accurate and complete financial statements;***
- produce monthly financial accounts for review by management;***
- subject the financial statements to a quality review before submitting them for auditing, while the internal audit unit and audit committee can assist with evaluating the adequacy of the design and implementation of controls around the preparation of the financial statements.***

With the current number of personnel assigned with the duties to compile the financial statements these objections will not be achievable.

All officials from the Directorate Financial Services and parties involved in the preparation of the financial statements and responding to all the communications of audit findings deserve a word of sincere appreciation for their unselfish commitment.

For the management the compilation of the financial statements for 2008/9 was surely a strenuous experience mainly based on the detail in which the audit was conducted and the timeframes in which the information was required.

It is however excepted that the preparation of financial statements in the municipal sphere will in future be a continuous process involving all financial and budgetary considerations during the financial year.

Section 131 of the MFMA stipulates as follows:

“Issues raised by Auditor-General in audit reports

131. (1) A municipality must address any issues raised by the Auditor-General in an audit report. The mayor of a municipality must ensure compliance by the municipality with this subsection.

(2) The MEC for local government in the province must—

(a) assess all annual financial statements of municipalities in the province, the audit reports on such statements and any responses of municipalities to such audit reports, and determine whether municipalities have adequately addressed any issues raised by the Auditor-General in audit reports; and

(b) report to the provincial legislature any omission by a municipality to adequately address those issues within 60 days.”

Even though most of the issues raised in the AG report are of a technical nature and mainly “frame of mind” issues, controls and procedures will be implemented to address the specific issues where possible in the current financial year.

RECOMMENDATION

(a) that the report of the Auditor-General, read in conjunction with the comments of the Chief Financial Officer, be noted; **[FD]**

(b) that the controls and procedures outlined in the report be implemented to address the specific aspects; **[ALL DIRECTORATES]**

(c) that the stipulations outlined in section 131 of the MFMA be executed. **[FD]**

ANNEXURE "A"

REPORT OF THE AUDITOR-GENERAL TO THE WESTERN CAPE PROVINCIAL PARLIAMENT AND THE COUNCIL ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF THE GEORGE MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2009

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the George Municipality which comprise the statement of financial position as at 30 June 2009, the statement of financial performance, the statement of changes in net assets and the cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes as set out on pages xx to xx.

The accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and in the manner required by the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act, 2008 (Act No. 2 of 2008) (DoRA) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA) and section 126(3)(a) of the MFMA, my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due

to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

6. Paragraph 11 *et seq.* of the Standards of Generally Recognised Accounting Practice, GRAP 1 *Presentation of Financial Statements* requires that financial reporting by entities shall provide information on whether resources were obtained and used in accordance with the legally adopted budget. As the budget reporting standard is not effective for this financial year, I have determined that my audit of any disclosures made by the George Municipality in this respect will be limited to reporting on non-compliance with this disclosure requirement.
7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis for qualification

Government grants and subsidies and deferred revenue

8. The municipality inappropriately accounted for government grants and subsidies in terms of the Statements of Generally Accepted Accounting Practice, IAS 20 (AC 134) *Accounting for Government Grants and Disclosure of Government Assistance*. The Accounting Standards Board (ASB) has determined that municipalities may no longer apply this statement and therefore the municipality had to apply certain paragraphs of Generally Accepted Municipal Accounting Practice, GAMAP 9 *Revenue* or Standards of GRAP, GRAP 23 *Revenue from Non-exchange Transactions (Taxes and Transfers)* to the extent that a transaction or event is not adequately addressed by GAMAP 9 *Revenue* to develop an appropriate accounting policy.
9. As the municipality's accounting policy was not developed in terms of GRAP 23 *Revenue from Non-exchange Transactions (Taxes and Transfers)*, both revenue (government grants and subsidies) and the deferred revenue liability have been misstated as the required amendment to comply with GRAP 23 *Revenue from Non-exchange Transactions (Taxes and Transfers)* was not made to the 2008-09 financial year's transactions and balances, nor was it retrospectively applied to the 2007-08 financial year as required by GRAP 3 *Accounting Policies, Changes in Accounting Estimates and Errors*.

10. As a result of applying the incorrect accounting standard for government grants, the portion of government grants and subsidies transferred from deferred revenue of R7,3 million as disclosed in note 24 to the financial statements and the deferred revenue liability with a carrying value of R260,4 million as disclosed in note 15 to the financial statements was accounted for incorrectly. As a detailed listing of assets included in the opening balance and additions, which distinguished between assets that were commissioned and assets which were still under construction, was not maintained, I could not perform reasonable alternative procedures to confirm the accuracy and completeness of deferred revenue of R7,3 million or the valuation or obligation of the deferred revenue liability with a carrying value of R260,4 million.

Property, plant and equipment

11. In terms of paragraph 19 of GRAP 17 *Property, Plant and Equipment*, the municipality was required to adopt the component approach when recognising property, plant and equipment. In applying componentisation for the first time during the 2008-09 financial year, the municipality obtained the current replacement cost for each asset and used this cost as a basis to apportion the total cost of each asset subcategory to the historical cost and accumulated depreciation in the fixed asset register. A reconciliation was not performed on an individual component basis between the original value in the fixed asset register before componentisation and the value after componentisation, resulting in an unexplained difference of R87,9 million. As a result, I was unable to determine the appropriate valuation of infrastructure assets with a carrying value of R715,1 million as disclosed in note 5 to the financial statements.
12. Furthermore, infrastructure assets purchased during the 2008-09 financial year to the value of R99,9 million were not fully componentised as required by GRAP 17 *Property, Plant and Equipment*. I was unable to determine the impact of this on the related depreciation and accumulated depreciation or on the corresponding figures.
13. As disclosed in note 2.2 to the financial statements, the accounting officer is of the view that it was impracticable to apply the component approach retrospectively on initial adoption of GRAP 17 *Property, Plant and Equipment*, as required by GRAP 3 *Accounting Policies, Changes in Accounting Estimates and Errors*. I disagree with the accounting officer that the retrospective application of GRAP 17 *Property, Plant and Equipment* could not be applied.

Cash and cash equivalents

14. Cash and cash equivalents as disclosed in note 12 to the financial statements include financial assets (receivables), which are not regarded as cash or cash equivalents as defined in GRAP 2 *Cash flow statements*. Had the receivables been appropriately recognised, the cash and cash equivalents would have been reduced by R6,9 million and the trade

receivables from exchange transactions would have been increased by R6,9 million.

Qualified opinion

15. In my opinion, except for the possible effects of the matters described in the Basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the George Municipality as at 30 June 2009 and its financial performance and its cash flows for the year then ended, in accordance with the Standards of GRAP and in the manner required by the MFMA and DoRA.

Emphasis of matters

I draw attention to the following matters on which I do not express a qualified opinion:

Fruitless and wasteful expenditure

16. As disclosed in note 49 to the financial statements, fruitless and wasteful expenditure to the amount of R4,2 million was incurred as a result of a council decision to terminate any further developments on the Data Integration, Sharing and Communications Systems (DISC) project, pending further investigations.

Material underspending on the budget

17. The municipality has, in total, materially underspent on the adjusted operating budget by approximately R37,1 million. Appendix E(1) to the financial statements, however, only disclosed an underspending of R0,4 million. The reason for this difference is that the budget information disclosed in appendix E(1) differs from the budget information submitted in terms of section 71 of the MFMA.

Events after the reporting date

18. As disclosed in note 51 to the financial statements, the Southern Cape is experiencing a severe drought which resulted in certain areas within the demarcated area of the Eden District Municipality, including the George Municipality, being declared a disaster zone. An amount of R15 million was awarded to the municipality by the National Treasury for drought alleviation.
19. Subsequent to the financial year-end the contract of the chairperson of the audit committee of the municipality was terminated at a special council meeting held on 9 December 2009. Reasons for the termination have been presented by the accounting officer in the form of extracts from the minutes of the confidential matters discussed at the council meeting held on 9 December 2009.

Restatement of corresponding figures

20. As disclosed in note 38 to the financial statements, the corresponding figures for 30 June 2008 have been restated as a result of errors discovered during the 2008-09 financial year in the financial statements of the George Municipality at, and for the year ending, 30 June 2008.

Casting errors in the financial statements

21. The financial statements, as well as the appendices to the financial statements contain various casting, cross-casting and transfer differences. As the differences were not material, the municipality decided not to rectify these differences, as it considered the exercise to be time-consuming and that the benefit of reconciling these errors outweighed the cost to perform such an exercise.

Other matters

I draw attention to the following matters that relate to my responsibilities in the audit of the financial statements:

Material inconsistencies in other information included in the annual report

22. I have not obtained the other information included in the annual report and have not been able to identify any material inconsistencies with the financial statements.

Unaudited supplementary schedules

23. The supplementary information set out on pages xx to xx does not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

Governance framework

24. The governance principles that impact the auditor's opinion on the financial statements are related to the responsibilities and practices exercised by the accounting officer and executive management and are reflected in the internal control deficiencies and key governance responsibilities addressed below:

Internal control deficiencies

25. Section 62(1)(c)(i) of the MFMA states that the accounting officer must ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control. The table below depicts the root causes that gave rise to the deficiencies in the system of internal control, which led to the qualified opinion. The root causes are categorised according to the five components of an effective system of internal control. In some instances deficiencies exist in more than one internal control component.

Par. no.	Basis for qualified opinion	CE	RA	CA	IC	M
8 to 10	Government grants and subsidies and deferred revenue	5	2	6		1
11 to 15	Property, plant and equipment	5				1
16	Cash and cash equivalents					1

26. The control environment deals with the role that leadership must fulfil to ensure effective controls over financial reporting. Risk assessment addresses management's identification of risks to the achievement of financial reporting objectives. Control activities are policies, procedures and practices that ensure that management's financial reporting objectives are achieved and financial reporting risk mitigation strategies are carried out. Ongoing monitoring and supervision enables an assessment of the effectiveness of internal control over financial reporting. From the qualification of government grants and subsidies and deferred revenue and property, plant and equipment it is evident that leadership oversight and monitoring is not effective to address risks to the achievement of financial reporting objectives. The lack of effective monitoring also contributed to the qualification of cash and cash equivalents. In addition to ineffective leadership oversight and monitoring, the lack of identification of risks to the achievement of financial reporting and policies and procedures related to financial reporting also contributed to the qualification of government grants and subsidies and deferred revenue.

Legend	
CE = Control environment	
The organisational structure does not address areas of responsibility and lines of reporting to support effective control over financial reporting.	1
Management and staff are not assigned appropriate levels of authority and responsibility to facilitate control over financial reporting.	2
Human resource policies do not facilitate effective recruitment and training, disciplining and supervision of personnel.	3
Integrity and ethical values have not been developed and are not understood to set the standard for financial reporting.	4
The accounting officer does not exercise oversight responsibility over financial reporting and internal control.	5
Management's philosophy and operating style do not promote	6

Legend	
effective control over financial reporting.	
The entity does not have individuals competent in financial reporting and related matters.	7
RA = Risk assessment	
Management has not specified financial reporting objectives to enable the identification of risks to reliable financial reporting.	1
The entity does not identify risks to the achievement of financial reporting objectives.	2
The entity does not analyse the likelihood and impact of the risks identified.	3
The entity does not determine a risk strategy/action plan to manage identified risks.	4
The potential for material misstatement due to fraud is not considered.	5
CA = Control activities	
There is inadequate segregation of duties to prevent fraudulent data and asset misappropriation.	1
General information technology controls have not been designed to maintain the integrity of the information system and the security of the data.	2
Manual or automated controls are not designed to ensure that the transactions have occurred, are authorised, and are completely and accurately processed.	3
Actions are not taken to address risks to the achievement of financial reporting objectives.	4
Control activities are not selected and developed to mitigate risks over financial reporting.	5
Policies and procedures related to financial reporting are not established and communicated.	6
Realistic targets are not set for financial performance measures, which are in turn not linked to an effective reward system.	7
IC = Information and communication	
Pertinent information is not identified and captured in a form and	1

Legend	
time frame to support financial reporting.	
Information required to implement internal control is not available to personnel to enable internal control responsibilities.	2
Communications do not enable and support the understanding and execution of internal control processes and responsibilities by personnel.	3
M = Monitoring	
Ongoing monitoring and supervision are not undertaken to enable an assessment of the effectiveness of internal control over financial reporting.	1
Neither reviews by internal audit or the audit committee nor self - assessments are evident.	2
Internal control deficiencies are not identified and communicated in a timely manner to allow for corrective action to be taken.	3

Key governance responsibilities

27. The MFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of key governance responsibilities, which I have assessed as follows:

No.	Matter	Y	N
Clear trail of supporting documentation that is easily available and provided in a timely manner			
1.	No significant difficulties were experienced during the audit concerning delays or the availability of requested information.		■
Quality of financial statements and related management information			
2.	The financial statements were not subject to any material amendments resulting from the audit.		■
3.	The annual report was submitted for consideration prior to the tabling of the auditor's report.		■

No.	Matter	Y	N
Timeliness of financial statements and management information			
4.	The annual financial statements were submitted for auditing as per the legislated deadlines in section 126 of the MFMA.		■
Availability of key officials during audit			
5.	Key officials were available throughout the audit process.		■
Development and compliance with risk management, effective internal control and governance practices			
6.	Audit committee		
	<ul style="list-style-type: none"> The municipality had an audit committee in operation throughout the financial year. 	■	
	<ul style="list-style-type: none"> The audit committee operates in accordance with approved, written terms of reference. 	■	
	<ul style="list-style-type: none"> The audit committee substantially fulfilled its responsibilities for the year, as set out in section 166(2) of the MFMA. 	■	
7.	Internal audit		
	<ul style="list-style-type: none"> The municipality had an internal audit function in operation throughout the financial year. 	■	
	<ul style="list-style-type: none"> The internal audit function operates in terms of an approved internal audit plan. 	■	
	<ul style="list-style-type: none"> The internal audit function substantially fulfilled its responsibilities for the year, as set out in section 165(2) of the MFMA. 	■	
8.	There are no significant deficiencies in the design and implementation of internal control in respect of financial and risk management.		■
9.	There are no significant deficiencies in the design	■	

No.	Matter	Y	N
	and implementation of internal control in respect of compliance with applicable laws and regulations.		
10.	The information systems were appropriate to facilitate the preparation of the financial statements.		■
11.	A risk assessment was conducted on a regular basis and a risk management strategy, which includes a fraud prevention plan, is documented and used as set out in section 62(1)(c)(i) of the MFMA.		■
12.	Delegations of responsibility are in place, as set out in section 79 of the MFMA.	■	
Follow-up of audit findings			
13.	The prior year audit findings have been substantially addressed.		■
14.	SCOPA resolutions have been substantially implemented.	Not applicable	
Issues relating to the reporting of performance information			
15.	The information systems were appropriate to facilitate the preparation of a performance report that is accurate and complete.		■
16.	Adequate control processes and procedures are designed and implemented to ensure the accuracy and completeness of reported performance information.		■
17.	A strategic plan was prepared and approved for the financial year under review for purposes of monitoring the performance in relation to the budget and delivery by the George Municipality against its mandate, predetermined objectives, outputs, indicators and targets (section 68 of the MFMA).	■	
18.	There is a functioning performance management system and performance bonuses are only paid after proper assessment and approval by those charged with governance.	■	

28. With the implementation of the Standards of GRAP, the municipality experienced difficulties in producing financial statements for audit purposes that were free from errors and omissions, although not in all instances material. This situation could have led to a further qualification of the financial statements had the municipality not adjusted their financial statements during the audit, based on my findings.
29. This is indicative of a situation where:
- oversight responsibility by the accounting officer is not effectively exercised over financial reporting
 - ongoing monitoring by the finance department is not effective enough to assess the effectiveness of internal control over financial reporting
 - policies and procedures related to financial reporting, which aim to improve the quality of reconciliations and maintenance and availability of underlying records and, therefore, the accuracy and completeness of financial reporting, are not adequately established and communicated to staff in the finance department
 - management did not adequately identify risks relevant to accurate and complete financial reporting and actions were not taken to address such risks. These risks should be identified by way of a formal risk assessment process relating to the achievement of financial reporting objectives and/or by implementing a formal and regularly monitored financial management improvement plan, which includes actions to address not only the material findings arising from the prior year's external audit, but also the control and compliance deficiencies identified in that audit. The risk assessment process should inform the agendas of the audit committee and internal audit unit, which are essential elements in the review of the design and implementation of sound internal controls to achieve good governance and accountability over financial reporting.
30. Actions implemented by management to address the prior year audit findings during the 2008-09 financial year proved to be less effective than anticipated by management as property, plant and equipment remained qualified in the 2008-09 financial year.
31. As a result of various factors, which include corrections to opening balances, reconciliation of assets and the introduction of new software to prepare the financial statements, the financial statements were, contrary to section 126(1)(a) of the MFMA, only submitted on 23 September 2009.
32. During the preparation of the financial statements, key officials were not available. Significant additional audit effort was also required to obtain the

audit evidence requested and to obtain responses to findings raised during the audit process.

33. The next few years will pose greater challenges for the municipality with the ongoing transition to full compliance with the Standards of GRAP and the implementation of additional, approved Standards of GRAP. In order to deal with the prevalence of material misstatements in financial statements that have to be corrected during the audit, the municipality needs to:
- develop a strategy to improve financial management controls relating to compliance with accounting standards and reconciliation and maintenance of underlying accounting records, in order to produce accurate and complete financial statements
 - produce monthly financial accounts for review by management
 - subject the financial statements to a quality review before submitting them for auditing, while the internal audit unit and audit committee can assist with evaluating the adequacy of the design and implementation of controls around the preparation of the financial statements.
34. The development of a performance management system that facilitates the preparation of a performance report that is accurate and complete and available for internal and external review in a timely manner, requires urgent attention from the accounting officer with the support of internal audit and the audit committee to ensure compliance with section 40 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000)(MSA).

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on performance information

35. I was engaged to review the performance information.

The accounting officer's responsibility for the performance information

36. In terms of section 121(3)(c) of the MFMA, the annual report of a municipality must include the annual performance report of the municipality, prepared by the municipality in terms of section 46 of the MSA.

The Auditor-General's responsibility

37. I conducted my engagement in accordance with section 13 of the PAA read with General Notice 616 of 2008, issued in Government Gazette No. 31057 of 15 May 2008 and section 45 of the MSA.

38. In terms of the foregoing my engagement included performing procedures of a review nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.

39. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit findings reported below.

Findings on performance information

Non-compliance with regulatory requirements

40. The integrated development plan did not comply with the requirements of section 26 of the MSA as:

- it did not reflect the applicable disaster management plans as required by section 26(g) of the MSA
- it did not reflect all the key performance indicators and performance targets determined by section 41 of the MSA, as required by section 26(i) of the MSA.

41. The municipality had not developed and implemented adequate mechanisms, systems and processes for the monitoring and review of, and reporting on, performance information, as required by the sections 38 to 41 of the MSA. A performance management system has been developed for implementation during the 2009-10 financial year.

42. With the exception of the financial services directorate, the key performance indicators of the municipality are not measurable, relevant, objective and precise as required by section 41 of the MSA and section 9 of the Local Government: Municipal Planning and Performance Management Regulations, 2001 (regulations), issued in *GNR.796 of 24 August 2001*.

43. Management did not submit quarterly reports to the internal audit unit for review and therefore the internal audit unit was not in a position to report to the audit committee on performance management as required by section 165(2)(b)(v) of the MFMA. Consequently the audit committee was also not in a position to fulfil the requirements of section 166(2)(a)(v) of the MFMA.

Performance information not received in time

44. An assessment could not be performed of the reliability of the reported performance information, as set out on pages xx to xx of the annual report, since the information was not received in time for audit purposes.

APPRECIATION

45. The assistance rendered by the staff of the George Municipality during the audit is sincerely appreciated.

Auditor - General

Cape Town

December 2009



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

REPORT OF THE AUDIT COMMITTEE

We present our report for the financial year ended 30 June 2009.

RESPONSIBILITY

The George Municipality has constituted its Audit Committee to function in terms of the provisions of Section 166 of the Municipal Finance Management Act, 2003 (MFMA) and to fulfil the functions of a performance management Audit Committee constituted in terms of Regulation 14(2) of the Local Government: Municipal Planning and Performance Management Regulations, 2001.

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee comprises of six members including five Independent Members and the Municipal Manager as accounting officer of the Municipality. The committee is chaired by an independent member. The Senior Manager: Financial Services and the Head of the Internal Audit assist the Committee in an advisory and reporting capacity. Both the internal and external auditors have unrestricted access to the Audit Committee, which ensures that their independence is in no way impaired.

The Audit Committee consisted of the following members during the financial year ended 30 June 2009:

1. Ms. A. Potgieter (Chairperson)
2. Ms. B. Bam
3. Mr. P. Wicht (resigned on 21 April 2009)
4. Mr. K. Peters
5. Mr. G. Harris
6. Mr. C.M. Africa (Municipal Manager)

It is disappointing that, despite advertising, the Municipality has not been able to identify a suitable candidate to recommend to Council to replace Mr Wicht. It is important that the Committee has the right level of independence and mix of skills to be able to perform its functions diligently.

TERMS OF REFERENCE

The Committee is constituted in terms of the requirements of sound corporate governance practices and operates in accordance with a written charter confirmed by the Municipal Manager. The charter incorporates the specific requirements of section 166 of the MFMA.

ACTIVITIES

The Audit Committee has met 5 times during the financial year ended 30 June 2009 and has carried out the following functions in terms of its charter:

1. Reviewed the Audit Committee and internal audit charters.
2. Reviewed and approved the rolling and annual internal audit plans including the definition of audit units, audit universe, and prioritization of audit coverage taking into account the outputs of the risk assessments performed.
3. Reviewed executive summaries of internal audit reports issued.
4. Reviewed the annual financial statements at 30 June 2009, the Report of the Auditor-General on the annual financial statements, the report of the Auditor-General on performance information, and the management letter issued by the Auditor-General.
5. Considered other matters as deemed appropriate.

FINDINGS AND RECOMMENDATIONS

Annual financial statements

Based on inquiries of management, our review of the annual financial statements and of the Report of the Auditor-General we consider that the annual financial statements provide a fair representation of the municipality's financial position and results of operations subject to the qualifications raised in the Report of the Auditor-General. We also consider that the Municipality can be regarded as a going concern in view of its relatively strong financial position and revenue collection despite the difficult economic climate.

Performance Management

A performance management policy was formally approved by the Council. The Performance Management System (PMS) of Cape Winelands was purchased and is in the process of being implemented reasonably successfully at a senior management level.

Recommendations

The Committee has taken note of the recommendations issued by both internal and external auditors during the year under review and encourages management to implement these recommendations, prioritizing those relating to strategic areas, risk management, property, plant and equipment, internal controls, compliance with applicable legislation and performance measurement.

EVENTS AFTER THE REPORTING DATE

This situation is also referred to in the Auditor General's report and requires further explanation.

Despite requests for a recording of the Council meeting of 9 December, extracts of minutes of which were made available to the Auditor-General in December

2009, we have been advised that these are not available until the minutes of the meeting are approved by Council at their planned meeting of 28 January 2010.

In November 2009 the Chairman of the Audit Committee was approached by the Executive Mayor for the Audit Committee to undertake certain work. In terms of Article 166 (2) of the MFMA *“the Audit Committee is an independent advisory body which must: a) Advise the municipal manager, the political office bearers, the accounting officer and the management staff of the municipality, on matters relating to:...vi) effective governance...”*

A meeting of the Independent Members of the Audit Committee was held to discuss the matter and give guidance to the work. Three meetings were held by the Independent Members during November and December 2009. When the reports were submitted to Council for a meeting on 9 December 2009, Council did not adequately consider them and decided to summarily dismiss the Chairperson as there was the perception that she had acted unilaterally and beyond the mandate of the Audit Committee.

Western Cape Provincial Treasury has confirmed that the Audit Committee acted within the requirements of our charter to do the work. They are also of the opinion that the right process was not followed regarding the dismissal of the Chairperson.

Attempts have subsequently been made by the remaining Independent Members to facilitate engagement between the Council and the Audit Committee but these have been frustrated.

The Audit Committee has also attempted to obtain professional advice in terms of our Charter which states: *“The Committee in carrying out its tasks under these terms of reference may obtain such outside or other independent professional advice, as it considers necessary to carry out its duties. The Council will ensure that the Committee will have access to professional advice both inside and outside of the Municipality in order for it to perform its duties.”* However this has been frustrated by Municipal officials.

It should be noted that political divides and actions in the Council has placed undue pressure on Senior Management including various internal investigations of who provided information. Service delivery, value for money and effectiveness have been negatively affected. It is hoped that, in the interests of the Municipality’s stakeholders, the situation will normalise as soon as possible.

Based on the draft minutes made available to The Auditor-General, the Independent Members of Audit Committee are of the opinion that due consideration was not given by Council to these reports of the Audit Committee and hope that the findings and recommendations are actioned appropriately in the near future. If we are also dismissed, or forced to resign as a result of no

longer being able to carry out our mandate, we hope that the Auditor-General and Provincial authorities will follow through to ensure appropriate action is taken against those involved.

CONCLUSION

The committee acknowledges that the environment within which management is operating is difficult given the economic down turn, the crisis in bulk supply water and increases in electricity prices as well as the volume, nature, complexity and extent of changes required to existing accounting practices, systems, policies and procedures ,especially given the scarcity of skills and the hiring freeze.

The committee extends its congratulations to management for their efforts and achievements under difficult circumstances. However it is important that management retain their independence and are not seen to be aligning with one or other political party.

GUY HARRIS – ACTING CHAIRPERSON

18 January 2010

